

**CITY OF DANVILLE**  
Danville, Illinois

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**  
April 30, 2015



**CliftonLarsonAllen**

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## Independent Auditors' Report

The Mayor and City Council  
City of Danville, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Danville, Illinois (City), as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Danville, Illinois as of April 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the schedules of funding progress and employer contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Danville, Illinois' basic financial statements. The combining financial statements and the statistical data, as listed in the tables of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical data listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015 on our consideration of the City of Danville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Danville's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Danville, Illinois  
December 10, 2015

## Management's Discussion and Analysis

As management of the City of Danville, Illinois, we offer readers of these financial statements this narrative overview and analysis of the City of Danville's financial position and activity as of the fiscal year ending April 30, 2015. Please read in conjunction with the city's financial statements, which follow this section.

### The Statement of Net Assets and the Statement of Fund Activities

In reviewing the Financial Statements of the City, everyone wants to know if the City as a whole is better off this year than last year as a result of our fiscal activities. The financial statements tell the story of the condition of the City as a whole. The auditors have compiled all assets and liabilities using the accrual basis of accounting, which is similar with the accounting used by most private-sector companies. This year the Statement of Net Asset page is now titled Statement of the Net Position in keeping up with Governmental Accounting Standards to offer more transparency in the financial position of the City.

In this report you will see the City's net assets and changes within them. You can think of the City's net position as the difference between total assets, total liabilities, and deferred inflows of resources as one way to measure the City's financial health and financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will, however, need to consider other non-financial factors, such as changes in the City's property tax base, the City's overall economic conditions, and the condition of the City's infrastructure, to most accurately assess the overall health of the City.

### FINANCIAL HIGHLIGHTS

#### Government –Wide:

- As of April 30, 2015, the City's total net position was \$77,055,470, an increase of \$5,593,841 or 8.4% over the City's total net position for 2014 of \$71,461,629. The government total net position showed an increase of \$4,694,754 or 7.5% while the business-type total net position showed an increase of \$899,087 or 9.3%.
- The governmental activities total net position increase of \$4,694,754 was due primarily to the investments made in capital assets, net of related debt.
- As you review the Statement of Net Position, you will see that the Construction In Progress in 2014 of \$17,399,421 does not exist this year due to the completion of the Fairchild Overpass and other small projects. The City was able to obtain grants for the project and no debt was issued.
- Total current assets reported at year end for governmental activities are \$21,008,830 representing a 13.60% increase over last fiscal year's total of \$18,487,633.
- The business-type activities total current assets reported at year end are \$4,182,329, whereas last fiscal year the total was \$3,423,743 representing a 22.10% increase over last year.
- The City has \$9,301,512 in noncurrent liabilities at year end, which includes accumulated vacation and sick days, post-employment benefits and current pension obligation, and long-term debt, including all general obligation bonds and notes payable. This represents a decrease of \$378,868 or 3.9% from last year's total noncurrent liabilities, primarily due to non-issuance of any new debt.

- Last year the General Fund (the primary operating fund) revenues before other financing sources exceeded expenditures by \$1,170,514 or 5.31%, while this year, revenues exceeded expenditures by \$1,334,228 or 5.7%. The 2014 Fund balance for the General fund was \$6,477,455, compared to this year's total of \$6,701,548, representing an increase of \$244,093 or 3.4% (actual data for 2015 found on page 6 and 7 of the financials)
- Once again, none of the Property Taxes collected finance General Fund services. The funds collected through property taxes fund the Police and Fire pension, a portion of the General Obligation bonds and Danville Public Library.

For purposes of this report we can divide the City's basic financial statements (shown right after the Management's Discussion and Analysis's report) into two major sections:

- 1. Governmental-wide financial statements** – Provides both long-term and short-term information about the City's overall financial status. The required financial statements include statement of net assets, and statement of activities. The measurement focus is on economic resources, and accrual accounting is used. Assets and liabilities include both financial and capital and are reported as short and long term and deferred inflows of resources. Revenues and expenses are included regardless of when cash is received or paid. The Danville Public Library is reported in this section as a Component Unit. A Component Unit is a legally separate entity, but is included in the City's financials because the City is responsible for levying the taxes that supports this unit.
- 2. Fund Financial Statements** – Focuses on the individual parts of the City, reporting in more detail the City's operation. The fund financial statements provide detailed information about the most significant funds, but not the City as a whole. Some funds are required to be established by State Law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes (like the Capital Improvements Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the U. S. Department of Housing and Urban Development). The City's three kinds of funds are - Governmental, Proprietary, and Fiduciary – and each use different accounting approaches
  - **Governmental Funds** – Most of the City's basic services are reported in governmental funds including, but not limited to, public safety (police and fire), public works (central vehicle maintenance, environmental code enforcement, streets, parks and public property, parking and central services and municipal pool), public affairs (finance, public affairs, general city government, office of city treasurer, legal department, city clerk, office of personnel and human relations, information systems, and urban and engineering service). These financial statements focus on how money flows in and out of those funds, as well as the balances left at year-end available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources that can be spent in the near future to finance the City's programs.
  - **Proprietary Funds (Business-type)** - When the City charges customers for the services it provides (whether to outside customers or to other units of the City), these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the financial statements. The City charges residents (customers) a fee to help cover a portion or all of the cost of certain services it provides.

- The Solid Waste Management, Sanitary Sewer, and Harrison Park Golf Course are Proprietary Funds.
- **Fiduciary Fund** - There are two components to Fiduciary funds including the Pension Trust fund and Agency funds. The City of Danville sponsors three pension trust funds: the Illinois Municipal Retirement Fund, Danville Police Pension Fund, and Danville Firefighter Pension Fund (Further information can be found in Note 6 and 7 -Pension Disclosure). These funds are kept separate from the City’s other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are not used for the operation of the City. Agency funds (commonly referred to as “pass through funds”) include Dependent Life Insurance, David S. Palmer Arena, and Evidence Holding funds that pass through the City.

**Notes to the basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information** includes budgetary comparison schedules for the General Fund and major special revenue funds.

**Other Supplementary Information** includes combining statements for general and non-major governmental funds and budget comparison schedules for all non-major special revenue funds, internal service funds, agency funds and proprietary funds.

## Financial Analysis

### Primary Government

#### Statement of Net Position

The following chart reflects the condensed statement of net position (in millions):  
(Actual 2015 numbers found on page 1)

	Governmental		Business-type		Total		Net change	%
	Activities	Activities	Activities	Activities	2015	2014		
	2015	2014	2015	2014	2015	2014		
Current and other assets	\$ 21.0	\$ 18.5	\$ 4.1	\$ 3.4	\$ 25.1	\$ 21.9	\$ 3.2	14.6%
Noncurrent /Capital assets	57.5	57.6	6.7	6.6	64.2	64.2	-	0.0%
<b>Total assets</b>	<b>78.5</b>	<b>76.1</b>	<b>10.8</b>	<b>10.0</b>	<b>89.3</b>	<b>86.1</b>	<b>3.2</b>	<b>3.7%</b>
Current liabilities	\$ 2.2	\$ 3.6	\$ 0.3	\$ 0.3	\$ 2.5	\$ 3.9	\$ (1.4)	-35.9%
Noncurrent liabilities	9.3	9.7	-	0.1	9.3	9.8	(0.5)	-5.1%
<b>Total liabilities</b>	<b>\$ 11.5</b>	<b>\$ 13.3</b>	<b>\$ 0.3</b>	<b>\$ 0.4</b>	<b>\$ 11.8</b>	<b>\$ 13.7</b>	<b>\$ (1.9)</b>	<b>-13.9%</b>
Deferred Inflows of Resources								
Subsequent year’s property taxes	\$ 0.4	\$ 0.9	\$ -	\$ -	\$ 0.4	\$ 0.9	\$ (0.5)	100.0%
Net Position:								
Invested in capital assets, net of related debt	\$ 52.7	\$ 51.0	\$ 6.6	\$ 6.5	\$ 59.3	\$ 57.5	\$ 1.8	3.1%
Restricted	11.6	7.0	-	-	11.6	7.0	4.6	65.7%
Unrestricted	2.3	3.9	3.9	3.1	6.2	7.0	(0.8)	-11.4%
<b>Total net position</b>	<b>\$ 66.6</b>	<b>\$ 61.9</b>	<b>\$ 10.5</b>	<b>\$ 9.6</b>	<b>\$ 77.1</b>	<b>\$ 71.5</b>	<b>\$ 5.6</b>	<b>7.8%</b>

Total assets of the City increased from \$86.1 million as of April 30, 2014 to \$89.3 million as of April 30, 2015. This represents a \$3.2 million increase over last year or 3.7%. As you can see from the chart above, there was an increase in Current assets and Noncurrent assets.

Total liabilities of the City as of April 30, 2015, are down \$1.9 million from last year's \$13.7 million. Of this amount, approximately \$7.8 million represents debt from bond issuances that will be paid over the next 13 years. The City's net position totaled \$77.1 million, of which \$59.3 million represent the amount that is invested in capital assets, net of related debt.

The largest portion of the City's net position, \$59.3 million, reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The unreserved net assets decreased from \$7.0 million to \$6.2 million. The positive number in the unreserved net assets represents the amount the City can use to meet short and long-term obligations.

### Statement of Activities-Programs-Expenses

The following chart reflects the condensed statement of activities found on page 2 (in millions):

	Governmental Activities		Business-type Activities		Total		Net change	% change
	2015	2014	2015	2014	2015	2014		
<b>Revenues:</b>								
Program Revenues								
Charges for services	\$ 2.3	\$ 2.0	\$ 6.2	\$ 6.1	\$ 8.5	\$ 8.1	\$ 0.4	5.3%
Operating grants and contributions	9.0	1.5			9.0	1.5	7.5	494.6%
Capital grants and contributions	-	11.0			-	11.0	(11.0)	-100.0%
General revenues:								
Property Taxes	5.2	5.1			5.2	5.1	0.1	2.0%
Other Taxes	23.3	22.4			23.3	22.4	0.9	4.2%
Grants and contributions not restricted to specific programs							-	0.0%
Other/Transfers	4.5	5.2	-	-	4.5	5.2	(0.7)	-13.5%
<b>Total revenues</b>	<b>\$ 44.3</b>	<b>\$ 47.1</b>	<b>\$ 6.2</b>	<b>\$ 6.1</b>	<b>\$ 50.5</b>	<b>\$ 53.2</b>	<b>\$ (2.7)</b>	<b>-5.1%</b>
<b>Expenses:</b>								
General government	\$ 7.6	\$ 4.8			\$ 7.6	\$ 4.8	\$ 2.8	58.3%
Public Safety	17.2	16.7			17.2	16.7	\$0.5	2.7%
Community development	3.7	4.2			3.7	4.2	(\$0.5)	-12.0%
Public Health and education	0.0	0.0			0.0	0.0	\$0.0	0.0%
Transportation	3.0	3.0			3.0	3.0	(\$0.0)	-0.8%
Streets	5.8	8.9			5.8	8.9	(\$3.1)	-35.0%
Culture and recreation	1.8	1.8			1.8	1.8	(\$0.0)	-0.1%
Interest on long-term debt	0.5	0.4			0.5	0.4	\$0.1	23.2%
Sanitary Sewer Department			2.3	2.9	2.3	2.9	(\$0.6)	-20.7%
Harrison Park			0.5	0.4	0.5	0.4	\$0.1	21.1%
Solid Waste Management			2.5	2.7	2.5	2.7	(\$0.2)	-7.4%
<b>Total expenses</b>	<b>\$ 39.6</b>	<b>\$ 39.9</b>	<b>\$ 5.3</b>	<b>\$ 6.0</b>	<b>\$ 44.9</b>	<b>\$ 45.9</b>	<b>\$ (1.0)</b>	<b>-2.2%</b>
<b>Change in net position</b>	<b>\$ 4.7</b>	<b>\$ 7.2</b>	<b>\$ 0.9</b>	<b>\$ 0.1</b>	<b>\$ 5.6</b>	<b>\$ 7.3</b>	<b>\$ (3.7)</b>	<b>-23.4%</b>

Total Revenue for Governmental Activities for 2015 is \$50.5 million, down \$2.7 million or 5.1% from last year's total of \$53.2 million. Other Taxes are up \$900,000 or 4.2%, due primarily to the increase in State Sales Tax and Home Rule Tax from new retail development on north Vermilion Street. Revenue for total Business-type activities for 2015 showed a small change from last year, while total expenses for Business-type activities decreased \$700,000 due primarily to completion of a large project in the Sanitary Sewer Department in 2014.

The total Governmental Activities Program expenses show a slight decrease from \$39.9 million for 2014 to \$39.6 million for 2015 or 0.7%. General government showed the largest increase from \$4.8 million in 2014 to \$7.6 million or 58.3% in 2015. A large portion of this increase is due to the change that was made in the way the employee's contributions were being recorded. Interest on long-term debt showed the second largest increase of 23.2%. Public Safety showed an increase of 2.7% due to the settlement of the Police Union Contract. Public Health, Transportation and Culture and recreation each showed very little change in expenses. This year Streets had the largest decrease in Governmental Activities representing a 35% decrease from 2014, which is attributed to the final stages of the Fairchild Subway project. A lot of time and effort was put into the finalizing reports due to the final stages prior to the opening the Fairchild Overpass in June 2015. Community Development showed a decrease from \$4.2 to \$3.7 or 12% in expenses. Governmental program expenses consist of \$17.2 million for Public Safety, \$7.2 million for General Government Activities, \$5.8 million for Streets, \$ 1.8 million for Culture and Recreation, \$3.0 million for Transportation, \$3.7 million for Community Development, and \$ 0.5 million for Interest on long-term debt. In 2015, Public Health and education (representing work done at the Landfill) had a increase in expenditure from 2014 to 2015 of \$6,794. Business-type program expenses consist of \$2.3 million for Sanitary Sewer, \$ 0.5 million for Harrison Park and \$2.5 million for Solid Waste funds as shown in the chart above.

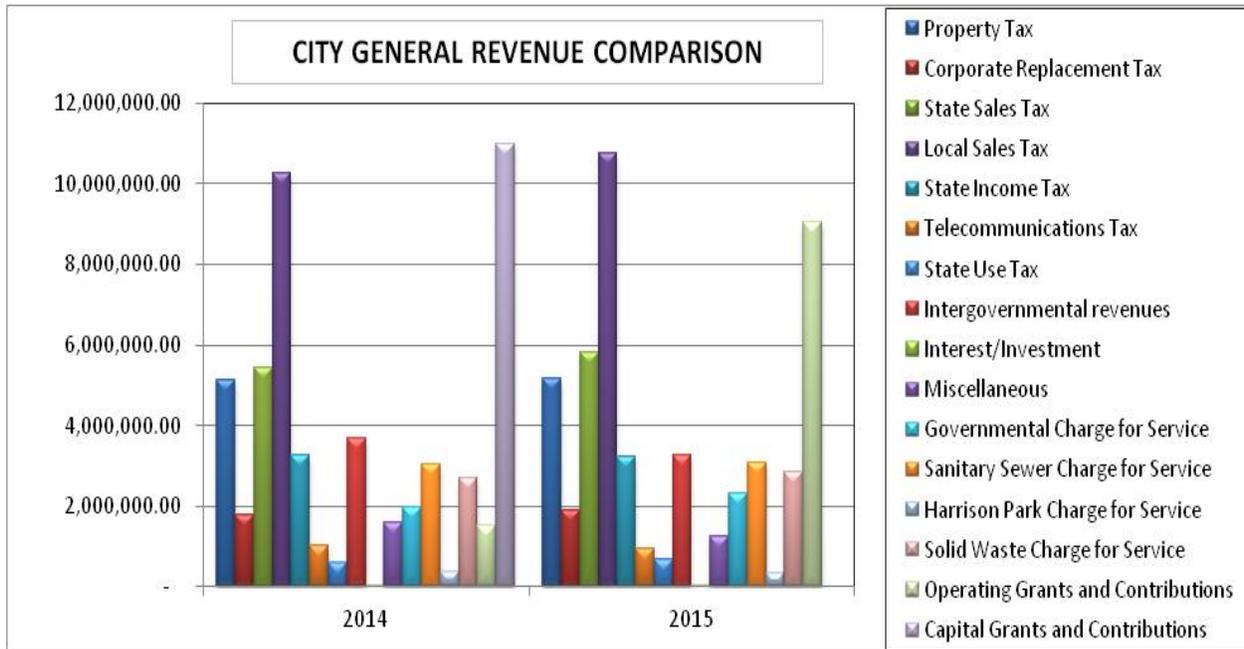
In 2015, the Sanitary Sewer had operating revenues in excess of operating expenditures of \$743,117 with operating revenues totaling \$3.1 million and operating expenditures totaling \$2.3 million. Last year the Sanitary Sewer fund had Total operating revenues for 2014 of \$3 million compared to \$3.1 million in 2015. Total operating expenses of \$3.0 million for 2014 were down approximately \$572,000 from the total in 2015 of \$2.3 million. The Total Net Position for Sanitary Sewer for 2015 is \$8.5 million compared to 2014 total of \$7.8 million, increase of \$613,171 or 7.8%, (actual amounts for 2015 are on pages 10).

In 2015, the Solid Waste fund had operating revenue in excess of operating expenditures totaling approximately \$362,956 with total Solid Waste operating revenues at \$2.9 and operating expenditures equaled \$2.5. Total operating revenues for the Solid Waste fund for 2014 was \$2.8 million and in 2015 the total was \$2.9, an increase of approximately \$102,300. Total operating expenditure decreased approximately \$124,900 from \$2.6 million in 2014 to \$2.5 million in 2015. Total Net Position for the Solid Waste fund for 2015 is \$1.8 million, up \$306,964 over the 2014 total of \$1.5 million or 19.82%, (actual amounts for 2015 are on pages 10).

In 2015, Harrison Park fund had operating expenditures in excess of operating revenue by \$15,379. In 2014, operating revenues were in excess of operating expenditures by \$62,125. Total operating revenue for Harrison Park was \$442,398 while operating expenditures were \$457,777. Revenues in 2015 show a slight decrease and expenditures show an increase of \$50,012. Total net positions for Harrison Park fund for 2015 of \$170,023 is down compared to 2014 totals of \$191,071 or 11.02%, (actual amounts for 2015 are on pages 10).

Other fund activity was within expectations and can be referenced in the financial statements.

The chart on the next page shows a comparison of the revenues received ending April 30, 2014 and April 30, 2015, (actual amounts for 2015 are on page 3).



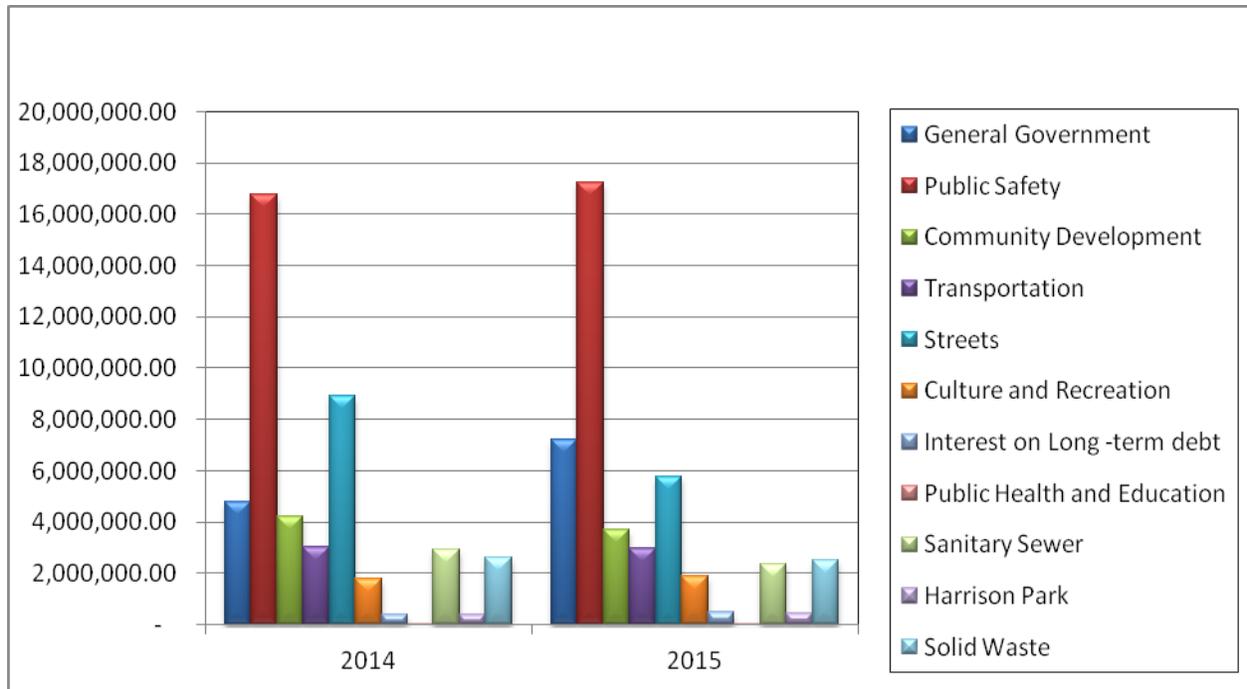
<b>CITY GENERAL REVENUE DATA</b>				
<b>City Revenues</b>	<b>2014</b>	<b>2015</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
Property Tax	5,117,639.00	5,168,613.00	50,974.00	1.00%
Corporate Replacement Tax	1,796,724.00	1,905,628.00	108,904.00	6.06%
State Sales Tax	5,425,536.00	5,810,700.00	385,164.00	7.10%
Local Sales Tax	10,259,126.00	10,746,085.00	486,959.00	4.75%
State Income Tax	3,273,432.00	3,234,486.00	(38,946.00)	-1.19%
Telecommunications Tax	1,018,134.00	939,927.00	(78,207.00)	-7.68%
State Use Tax	585,244.00	672,294.00	87,050.00	14.87%
Intergovernmental revenues	3,669,160.00	3,265,266.00	(403,894.00)	-11.01%
Interest/Investment	35,042.00	20,490.00	(14,552.00)	-41.53%
Miscellaneous	1,579,126.00	1,242,129.00	(336,997.00)	-21.34%
Governmental Charge for Service	1,970,252.00	2,329,847.00	359,595.00	18.25%
Sanitary Sewer Charge for Service	3,027,233.00	3,071,204.00	43,971.00	1.45%
Harrison Park Charge for Service	381,696.00	343,090.00	(38,606.00)	-10.11%
Solid Waste Charge for Service	2,708,618.00	2,825,254.00	116,636.00	4.31%
Operating Grants and Contributions	1,513,682.00	9,036,709.00	7,523,027.00	497.00%
Capital Grants and Contributions	10,981,924.00	-	(10,981,924.00)	-100.00%
<b>Total General Revenue</b>	<b>53,342,568.00</b>	<b>50,611,722.00</b>	<b>728,051.00</b>	<b>-5.12%</b>

As with all municipalities, the City of Danville is supported by tax revenues from various sources. Total General Revenues, which include revenues from sales tax, income tax, property tax, charges for service, grants as well as other income generators, totaled \$50.6 million for the year ending April 30, 2015, without the transfer total. This total represents a 5.12% decrease in General revenue over last year's total \$55.3, with the largest decrease falling under Capital Grants and Contributions. Local Sales Tax shows an increase of \$486,959, from last year representing a 4.75% increase. State Sales Tax shows a 7.10% increase over last year, while Corporation Replacement Tax shows a 6.06% increase, Telecommunication Tax shows a 7.68% decrease, and State Use tax shows an increase of 14.87% over last year. As you can see from the chart above, State and Local Sales Tax account for the largest revenue source for the General Fund, with 2014 State and Local Sales Tax totaling \$15.7 million, compared to this year's total of \$16.0 million. This represents a 5.7% increase over last year.

Once again, the State of Illinois made a conservative effort to send the city's monthly payment of local shared revenue taxes in a timely manner. At the end of the fiscal year the State of Illinois was behind one month of Income Tax payments.

In reviewing expenditures for 2015 from 2014, you will notice that the expenditures have decreased by \$1.4 million (or 2.96%) from last year. The decrease is due primarily to the completion of the Fairchild Overpass project.

The following graph is a comparison of Program Expenses from fiscal year 2014 to fiscal year 2015 (actual dollar amounts found on page 2):



<b>CITY PROGRAM EXPENSE YEARLY COMPARISON DATA</b>				
	<u>2014</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
General Government	4,799,935.00	7,622,668.00	2,822,733.00	58.81%
Public Safety	16,743,238.00	17,204,986.00	461,748.00	2.76%
Community Development	4,204,154.00	3,710,682.00	(493,472.00)	-11.74%
Transportation	3,024,547.00	2,949,838.00	(74,709.00)	-2.47%
Streets	8,924,042.00	5,767,155.00	(3,156,887.00)	-35.38%
Culture and Recreation	1,801,363.00	1,867,179.00	65,816.00	3.65%
Interest on Long-term debt	406,169.00	478,004.00	71,835.00	17.69%
Public Health and Education	12,400.00	19,194.00	6,794.00	100.00%
Sanitary Sewer	2,934,087.00	2,362,013.00	(572,074.00)	-19.50%
Harrison Park	413,153.00	463,555.00	50,402.00	12.20%
Solid Waste	2,633,854.00	2,508,988.00	(124,866.00)	-4.74%
<b>Total City Program Expenses</b>	<b>45,896,942.00</b>	<b>44,954,262.00</b>	<b>(942,680.00)</b>	<b>-2.05%</b>

On a modified accrual basis, this year revenue exceeded expenditures in the General fund by \$1.3 million compared to last year's \$1.2 million. As you can see from the chart above, even though General Fund expenditures were anticipated to be higher than a year ago based on the settlement of the Fire Fighter and Police Command contracts, thanks to the Mayor, Comptroller, City Council, and Administration working together to keep expenditures down as much as the economy would allow, the City saw expenditures this year 2.04% lower when compared to a year ago.

On a modified accrual basis, the General fund balance at the end of the fiscal year 2015 was \$6.7 million, up \$224,093 from last year's Fund Balance of \$6.5 million as stated on page 7 of the financials. Due to the new retail development on North Vermilion Street, State and Home Rule Sales Tax increases boosted the total revenues in the General Fund Balance.

This year in the Motor Fuel Tax fund (MFT), revenue exceeded expenditures by \$4.2 million. Total MFT operating revenues for 2015 were \$8 million, while expenditures in MFT were \$3.8 million. In 2015, operating revenues increased from \$5.9 million to \$8 million due to the funds received for the Fairchild Overpass Reconstruction and expenditures decreased from \$9.2 million in 2014 to \$3.8 million (actual numbers are on pages 6 and 7). The MFT fund balance at year end of 2015 increased from \$2.0 million to \$6.2 million. The large increases in revenues, expenditures, and fund balance are due to the Fairchild Overpass Reconstruction Project.

### General Fund Budgetary Highlights

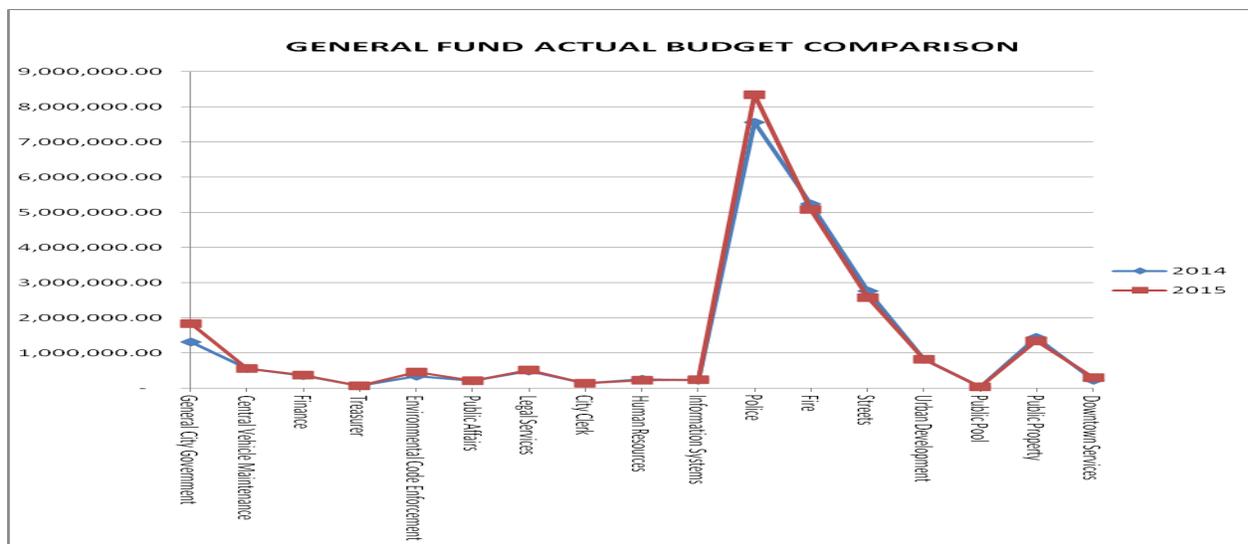
Over the course of the year, the City Council revised the City Budget numerous times, more so this year than prior years due to the change in the budget process. The budget was approved in December simultaneously with the Tax Levy. These budget amendments fall into three categories:

The first category includes amendments and supplemental appropriations that were approved as projects, and contracts that were competitively bid and were awarded higher than originally budgeted.

The second included Council approved increases in appropriations when the FY 2014-2015 Budget was passed. These appropriations were to adjust the original budget when departments submitted estimated year-end figures that exceeded current budgeted amounts.

Finally, the budget was amended during Council meetings near the end of the Fiscal Year and several Council meetings after the end of the Fiscal Year, to adequately account for the revenues and expenditures.

The following graph and shows the General Fund actual budgets for the year ended April 30, 2014 and April 30, 2015, for each division (actual dollar amounts for 2015 are located on page 55):



**General Fund Actual Budget Comparison**

	<u>2014</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
<b>General City Government</b>	1,319,283.00	1,836,594.00	517,311.00	39.212%
<b>Central Vehicle Maintenance</b>	558,367.00	556,362.00	(2,005.00)	-0.359%
<b>Finance</b>	362,052.00	374,800.00	12,748.00	3.521%
<b>Treasurer</b>	75,598.00	69,634.00	(5,964.00)	-7.889%
<b>Environmental Code Enforcement</b>	348,142.00	461,946.00	113,804.00	32.689%
<b>Public Affairs</b>	218,759.00	221,600.00	2,841.00	1.299%
<b>Legal Services</b>	494,043.00	519,282.00	25,239.00	5.109%
<b>City Clerk</b>	137,603.00	145,136.00	7,533.00	5.474%
<b>Human Resources</b>	261,985.00	235,256.00	(26,729.00)	-10.202%
<b>Information Systems</b>	225,979.00	245,697.00	19,718.00	8.726%
<b>Police</b>	7,571,754.00	8,348,480.00	776,726.00	10.258%
<b>Fire</b>	5,246,281.00	5,088,250.00	(158,031.00)	-3.012%
<b>Streets</b>	2,765,360.00	2,573,150.00	(192,210.00)	-6.951%
<b>Urban Development</b>	822,444.00	820,337.00	(2,107.00)	-0.256%
<b>Public Pool</b>	45,771.00	38,908.00	(6,863.00)	-14.994%
<b>Public Property</b>	1,451,743.00	1,346,863.00	(104,880.00)	-7.224%
<b>Downtown Services</b>	228,005.00	295,170.00	67,165.00	29.458%
<b>Total Actual General Fund Budget</b>	<b>22,133,169.00</b>	<b>23,177,465.00</b>	<b>1,044,296.00</b>	<b>4.718%</b>

The above charts and data show the difference in the actual per budget composition for General Fund from the 2013-14 Fiscal Year and the 2014-15 Fiscal Year. Although the Mayor, members of the City Council, and Administrative staff worked diligently to meet the FY 2014-2015 Budget as approved, it became difficult with the settlement of the Police Officers Union contract, legal fees associated with negotiations and litigations, overtime in the Fire and Police department, snow and ice control product cost, materials needed for repairs to public buildings, animal control and personnel expenditures exceeding our projections. In Fiscal Year 2014-2015, the City offered an Early Retirement Incentive through the Illinois Municipal Retirement Fund (IMRF) for employees paying into the IMRF fund who were 50 years old and had a minimum of 20 years of service. We had seven employees take advantage of the incentive in this fiscal year, so their retirement benefits are also included in the expenditures.

The above chart shows a \$1,044,296 dollar increase in the General Fund Actual per budget for 2015 compared to 2014. Due to the end of the fiscal year falling on a Thursday, an administrative decision was made, approved by city council, to pay the last payroll from the 2014-2015 budget, thereby increasing each division's budget by one more payroll period than in the previous year. The increase in General City Government was due to making only one General Liability Payment this year versus the two payments made last year, and Animal Collection Activities were also higher than a year ago. Central Vehicle Maintenance, Treasurer, Public Affairs and the Public Pool had very little change from last year. Last year, the Department of Urban Services and Engineering was created, pulling Engineering from the Streets Division and Building, Construction and Zoning from Development Services. Last year, Development Services was renamed Environmental Code Enforcement and placed under the supervision of the Public Works Department. This is the first year of comparison under the new structure for Urban Services and Environmental Code Enforcement. Urban Services shows a decrease of .26% while Environmental Code Enforcement shows an increase of 32.689% over the prior year due to increases in personnel cost. The majority of the increase in Legal Services is due to Legal Service provided for negotiation of union contracts and other City affairs. The City Clerk Division increase was due in part to a health insurance status change from single to married. Human Resources is lower due primarily to a decrease in Commission Expense which included Police and Fire testing performed every two years, and a decrease in advertising. Information Technology shows an increase due to a new Manager with a different benefit package than the prior Manager. The large increase in Downtown Services was due to this division taking over maintenance and utilities for the Municipal Building and expanding the Downtown service area. The major increase in the Police Division, totaling 10.258%, was based primarily on a multi-year settlement of the union contract for Police Officers, and several retirements. The Fire Division shows a decrease over the prior year, even with the settlement of a multi-year union contract,

due to the elimination of positions. The decrease in Streets is due in part to a reduction in overtime, and in FY 2013-2014 the division replaced the boulevard lights on Jackson Streets. The chart also shows a decrease in Public Property due to the completion of the Harrison Park Clubhouse renovation in the early 2014-2015 fiscal year.

Over the last several years, the Mayor, City Council, and Administration worked on a plan to bring the General Fund Cash reserve to a minimum level of \$1,200,000 by fiscal year 2012. Whereas, this is getting harder and harder each year we were able to maintain that level and still offer quality service to our citizens.

### Capital Assets

At the end of April 30, 2015, the City had \$130.0 million invested in a broad range of Capital Assets (\$126.2 million-April 30, 2014), including police and fire equipment, buildings, park facilities, roads, bridges, public works equipment and sewer lines. After accumulated depreciation the total is \$63.9 million (\$63.9 million –April 30, 2014). These figures are derived from the Statement of Net Assets on page 1 under Non-current Assets.

This fiscal year we had numerous projects underway: Danville Mass Transit Transfer Zone design and engineering, construction of the Lincoln Park Bike Path, Reconstruction of Bowman Avenue from Crestview Avenue to Winter, Carnegie Building Roof Phase II, South Griffin Street bridge and our biggest project, the Fairchild Street Reconstruction Project was completed. We are currently in design and development of multiple sewer projects that will require millions of dollars.

The City made numerous equipment purchases as follows: 5 Chevrolet Impala police vehicles, playground equipment for Douglas Park, Ford pickup trucks for Vermilion County Animal Control, and other small equipment as needed. Police Department received a grant to purchase 18 Tasers.

The City purchased land on West Main Street and various sized lots were purchased from around the City through the Vermilion County Tax Sale (a breakdown of Capital asset activity per fund can be found in Note 5 pages 31-33).

Changes to the Capital Assets as stated in the Noncurrent Asset section of the Statement of Net Assets shows net changes (additions and deletions) in the following categories:

<b>PRIMARY GOVERNMENT NONCURRENT ASSETS - CAPITAL COMPARISON</b>				
	<u>2014</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Land	6,415,583.00	6,415,583.00	0.00	0.00%
Construction in progress	17,399,421.00	-	(17,399,421.00)	100.00%
Buildings and improvements	35,235,329.00	35,470,785.00	235,456.00	0.67%
Equipment	26,514,020.00	26,646,796.00	132,776.00	0.50%
Infrastructure	40,606,678.00	61,490,969.00	20,884,291.00	51.43%
<b>Total, at cost</b>	<b>126,171,031.00</b>	<b>130,024,133.00</b>	<b>3,853,102.00</b>	<b>3.05%</b>
<b>Less accumulated depreciation</b>	<b>(62,263,259.00)</b>	<b>(66,170,681.00)</b>	<b>(3,907,422.00)</b>	<b>6.28%</b>
<b>Total non current assets</b>	<b>63,907,772.00</b>	<b>63,853,452.00</b>	<b>(54,320.00)</b>	<b>-0.08%</b>

## Debt

At year's end on April 30, 2015, the City had \$10.9 million in capital leases, bonds, notes payable, pension obligation and other post employment benefits including interest, while at the end of April 30, 2014, the City had \$11.6 million in capital leases, bonds, notes payable, pension obligation and other post employment, with interest included. During the April 30, 2015 no new bonds were issued. With a population of 33,027 (2010 Census), total debt per capita for 2015 is \$ 327.00, down \$22.52 or 6.8% from the 2014 total debt per capita of \$349.52. With the declining status of the State of Illinois bond rating, careful consideration will be given when determining the funding for the completion of the Danville High School campus project, Riverfront Development, East Main Street Improvements, West Main Street Development and for demolition of blighted areas.

The Long-Term Debt service extends out to the year 2028 as listed in Note 6 on page 34-36 of the financial statements. The City's Debt service requirements from General Obligation bonds will decrease until all bonds are paid off in 2028, unless new bonds are sold.

The Police and Fire Pension funds continue to be under-funded (see Note 6 – pages 35-41), however, the City annually consults with an independent actuary to determine the required funding levels and levies taxes accordingly. There are several factors that determine the amount of pension contributions including various investment returns, number and age of all participants in the pension plan, rate of salary increases, and the unfunded portion of the pension fund. This year in addition to the Tax levy contributions, the City contributed \$60,000.00 to the Fire Pension Fund and \$50,000.00 to the Police Pension fund. The City's unfunded pension liabilities continue to put pressure on the City's financial condition. With new GASB standards in place, Pension Funds are now accounted for differently in our financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATE**

Danville (population 33,027) is primarily a residential community located 3 miles from the Indiana border, 130 miles southwest of Chicago, and located 30 miles east from the University of Illinois in Champaign-Urbana. The City's proximity to Interstate 74 has helped attract the majority of our Southgate and Eastgate industries. The city has 187 centered line miles of roadway and is 17.5 square miles geographically.

With a declining national economy, a history of unacceptable levels of unemployment, decline in the stock market, coupled with the financial condition of the State of Illinois and only a slight increase in the Equalized Assessed Valuation (EAV), the budget process was once again challenging. Each year we are challenged to propose a balanced budget and pass a Property Tax Levy with little to no increase in the projected Property Tax Rate, yet do so in light of rising Pension Fund obligations, increasing personnel costs, and material and commodity costs greater than in previous years. Due to the ever-growing reliance the Property Tax Levy and the Fiscal Year Budget have upon each other, we chose for the first time this year to approve the two simultaneously. With revenues projected to be slightly higher than last year, we were able to balance the budget. The Administration used the same philosophy as in years prior to budget according to the revenues received the prior year minus any one time revenues. The city administration looked at the number of personnel, health insurance cost, fuel cost, savings in utilities and suggestions from Alderman and the citizens. The Mayor, City Council and Administration discussed the current programs and services to determine if any could be eliminated or reduced.

The City's elected and appointed officials considered many factors when setting the Fiscal Year 2015-2016 Budget, including cash flow, services, programs, tax rates, the economy as a whole, and fees that will be charged for business-type activities. This year we recognized that we could not make the City budget's sustainable until we addressed the Police and Fire Pension, and therefore we implemented a plan to put more money into the Police and Fire Pension Funds by changing the Financial Policy to read that funds in excess of our reserve (not allocated to any other debt) would be split 40% to the Police and 60% to the Fire Pension Funds. Also, a decision was made not to allow the Fire Safety fee to sunset on April 30, 2015, as stated in the ordinance, but rather change the name to Public Safety Pension Fee to offset the cost of the pensions as related to the tax levy. Budgetary considerations require that focused attention be directed toward the trends of expenditures and revenue sources. The Administration will be challenged to find opportunities to control expenses in this economic climate, and find even more efficient ways of delivering services to its constituents. Impacting expenditures in this fiscal year includes the negotiations with Firefighters, Police officers; Police Command and the Clerical Union. With the negotiation of several union contracts, salaries, and benefits, employee costs remain estimated for a majority of our staff, and any increases to such have not totally been included in the current budget. We are excited about the opening of the Fairchild Street Overpass. We are always looking to attract new business.

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This Financial Report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Comptroller's Office, at the City of Danville, 17 W. Main Street, Danville, IL 61832.

**CITY OF DANVILLE, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**April 30, 2015**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Danville Public Library</b>
<b>CURRENT ASSETS</b>				
Cash	\$ 3,113,114	\$ 39,184	\$ 3,152,298	\$ 844,867
Temporary investments	10,086,800	3,268,000	13,354,800	598,706
Receivables	1,165,621	841,838	2,007,459	327
Taxes receivable	453,061	-	453,061	1,662,495
Prepaid items	931,082	33,613	964,695	12,002
Internal balances	306	(306)	-	-
Due from other governments	5,258,846	-	5,258,846	-
Total current assets	<u>21,008,830</u>	<u>4,182,329</u>	<u>25,191,159</u>	<u>3,118,397</u>
<b>NONCURRENT ASSETS</b>				
Receivables	275,602	-	275,602	-
Capital assets not being depreciated:				
Land	6,134,573	281,010	6,415,583	-
Capital assets being depreciated:				
Buildings and improvements	18,309,067	17,161,718	35,470,785	-
Equipment	21,445,300	5,201,496	26,646,796	3,001,707
Infrastructure	61,490,969	-	61,490,969	-
Less accumulated depreciation	<u>50,184,801</u>	<u>15,985,880</u>	<u>66,170,681</u>	<u>2,590,427</u>
Total noncurrent assets	<u>57,470,710</u>	<u>6,658,344</u>	<u>64,129,054</u>	<u>411,280</u>
<b>TOTAL ASSETS</b>	<u>78,479,540</u>	<u>10,840,673</u>	<u>89,320,213</u>	<u>3,529,677</u>
<b>CURRENT LIABILITIES</b>				
Accounts payable	10,375	387	10,762	5,877
Accrued expenses	231,465	132,999	364,464	77,256
Due to other governments	14,967	-	14,967	-
Unearned revenue	255,173	-	255,173	-
Advance payments	-	29,007	29,007	6,069
Unearned compensation liability	-	-	-	479,618
Accumulated vacation and sick days	383,443	146,831	530,274	-
Current portion of long-term notes and bonds	<u>1,248,407</u>	<u>57,116</u>	<u>1,305,523</u>	<u>-</u>
Total current liabilities	<u>2,143,830</u>	<u>366,340</u>	<u>2,510,170</u>	<u>568,820</u>
<b>NONCURRENT LIABILITIES</b>				
Pension obligation	498,500	-	498,500	-
Other post-employment benefits	813,742	-	813,742	-
Noncurrent portion of accumulated vacation and sick days	1,533,770	-	1,533,770	-
Noncurrent portion of long-term notes and bonds	<u>6,455,500</u>	<u>-</u>	<u>6,455,500</u>	<u>-</u>
Total noncurrent liabilities	<u>9,301,512</u>	<u>-</u>	<u>9,301,512</u>	<u>-</u>
Total liabilities	<u>11,445,342</u>	<u>366,340</u>	<u>11,811,682</u>	<u>568,820</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Subsequent year's property taxes	<u>453,061</u>	<u>-</u>	<u>453,061</u>	<u>1,662,495</u>
<b>NET POSITION</b>				
Net investment in capital assets	52,720,656	6,601,228	59,321,884	411,280
Restricted for capital projects	2,466,103	-	2,466,103	-
Restricted for streets and transportation	6,570,724	-	6,570,724	-
Restricted for debt service	459,527	-	459,527	-
Restricted for community development	1,031,910	-	1,031,910	-
Restricted for revolving loan fund	610,499	-	610,499	-
Restricted for tax increment financing projects	397,632	-	397,632	-
Unreserved	<u>2,324,086</u>	<u>3,873,105</u>	<u>6,197,191</u>	<u>887,082</u>
<b>TOTAL NET POSITION</b>	<u>\$ 66,581,137</u>	<u>\$ 10,474,333</u>	<u>\$ 77,055,470</u>	<u>\$ 1,298,362</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DANVILLE, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
Year Ended April 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component
					Primary Government			Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total	Danville Public Library
<b>PROGRAMS</b>								
<b>Governmental activities:</b>								
General government	\$ 7,622,668	\$ 1,210,938	\$ 140,001	\$ -	\$ (6,271,729)	\$ -	\$ (6,271,729)	\$ -
Public safety	17,204,986	591,782	22,460	-	(16,590,744)	-	(16,590,744)	-
Community development	3,710,682	-	1,112,210	-	(2,598,472)	-	(2,598,472)	-
Public health and education	19,194	-	-	-	(19,194)	-	(19,194)	-
Transportation	2,949,838	356,470	7,762,038	-	5,168,670	-	5,168,670	-
Streets	5,767,155	-	-	-	(5,767,155)	-	(5,767,155)	-
Culture and recreation	1,867,179	170,657	-	-	(1,696,522)	-	(1,696,522)	-
Interest on long-term debt	478,004	-	-	-	(478,004)	-	(478,004)	-
Total governmental activities	39,619,706	2,329,847	9,036,709	-	(28,253,150)	-	(28,253,150)	-
<b>Business-type activities:</b>								
Sanitary Sewer Department	2,362,013	3,071,204	-	-	-	709,191	709,191	-
Harrison Park	463,555	343,090	-	-	-	(120,465)	(120,465)	-
Solid Waste Management	2,508,988	2,825,254	-	-	-	316,266	316,266	-
Total business-type activities	5,334,556	6,239,548	-	-	-	904,992	904,992	-
<b>Component Unit:</b>								
Danville Public Library	1,705,030	54,775	-	53,025	-	-	-	(1,597,230)
<b>TOTAL</b>	<b>\$ 46,659,292</b>	<b>\$ 8,624,170</b>	<b>\$ 9,036,709</b>	<b>\$ 53,025</b>	<b>(28,253,150)</b>	<b>904,992</b>	<b>(27,348,158)</b>	<b>(1,597,230)</b>

General Revenues:

Property taxes	\$ 5,168,613	\$ -	\$ 5,168,613	\$ 1,599,006
Corporate personal property replacement taxes	1,905,628	-	1,905,628	-
State sales taxes	5,810,700	-	5,810,700	-
Local sales tax	10,746,085	-	10,746,085	-
State income tax allocation	3,234,486	-	3,234,486	-
Telecommunication tax	939,927	-	939,927	-
State use tax	672,294	-	672,294	-
Intergovernmental revenues	3,265,266	-	3,265,266	-
Interest/investment income	7,427	13,063	20,490	1,650
Loss on disposal of assets	(63,619)	-	(63,619)	-
Miscellaneous	1,062,205	179,924	1,242,129	92,280
Transfers	198,892	(198,892)	-	-
	<u>32,947,904</u>	<u>(5,905)</u>	<u>32,941,999</u>	<u>1,692,936</u>
Total general revenues and transfers				
Change in net position	4,694,754	899,087	5,593,841	95,706
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>61,886,383</u>	<u>9,575,246</u>	<u>71,461,629</u>	<u>1,202,656</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 66,581,137</u>	<u>\$ 10,474,333</u>	<u>\$ 77,055,470</u>	<u>\$ 1,298,362</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DANVILLE, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**April 30, 2015**

	<u>General Fund</u>	<u>Motor Fuel Tax</u>	<u>Danville Mass Transit</u>	<u>Bond and Interest</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash	\$ 1,650,119	\$ 137,341	\$ 481,669	\$ 538	\$ 842,766	\$ 3,112,433
Temporary investments	332,000	5,430,000	-	46,000	4,014,800	9,822,800
Receivables:						
Taxes, net of allowance for estimated uncollectibles	238,216	-	-	134,537	80,308	453,061
Other - current	253,765	650,607	-	-	242,475	1,146,847
Other - noncurrent	-	-	-	-	275,602	275,602
Prepaid items	845,832	-	72,555	-	12,695	931,082
Due from other funds	394,577	-	-	-	-	394,577
Due from other governments	4,889,253	76,814	-	-	292,779	5,258,846
<b>TOTAL ASSETS</b>	<b>\$ 8,603,762</b>	<b>\$ 6,294,762</b>	<b>\$ 554,224</b>	<b>\$ 181,075</b>	<b>\$ 5,761,425</b>	<b>\$ 21,395,248</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 10,375	\$ 10,375
Accrued expenses	99,757	-	5,632	11,125	114,951	231,465
Unearned revenue	-	-	255,173	-	-	255,173
Due to other funds	992	78,000	281,701	-	33,094	393,787
Due to other governments	3,249	-	11,718	-	-	14,967
<b>Total liabilities</b>	<b>103,998</b>	<b>78,000</b>	<b>554,224</b>	<b>11,125</b>	<b>158,420</b>	<b>905,767</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	1,560,000	-	-	-	85,000	1,645,000
Subsequent year's property taxes	238,216	-	-	134,537	80,308	453,061
<b>Total deferred inflows of resources</b>	<b>1,798,216</b>	<b>-</b>	<b>-</b>	<b>134,537</b>	<b>165,308</b>	<b>2,098,061</b>
<b>FUND BALANCE</b>						
<b>Nonspendable:</b>						
Prepays	845,832	-	72,555	-	12,695	931,082
Noncurrent receivables	-	-	-	-	275,602	275,602
<b>Restricted:</b>						
Retirement	-	-	-	-	-	-
Public health and education	-	-	-	-	901,139	901,139
Public safety	-	-	-	-	65,796	65,796
Community development	-	-	-	-	743,613	743,613
Transportation	-	-	-	-	64,398	64,398
Streets	-	6,216,762	-	-	289,564	6,506,326
Debt service	-	-	-	35,413	424,114	459,527
<b>Committed:</b>						
Community development	-	-	-	-	206,857	206,857
Capital projects	-	-	-	-	1,304,368	1,304,368
<b>Assigned:</b>						
General and administrative	176,126	-	-	-	-	176,126
Capital projects	-	-	-	-	1,161,735	1,161,735
<b>Unassigned</b>	<b>5,679,590</b>	<b>-</b>	<b>(72,555)</b>	<b>-</b>	<b>(12,184)</b>	<b>5,594,851</b>
<b>Total fund balance</b>	<b>6,701,548</b>	<b>6,216,762</b>	<b>-</b>	<b>35,413</b>	<b>5,437,697</b>	<b>18,391,420</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 8,603,762</b>	<b>\$ 6,294,762</b>	<b>\$ 554,224</b>	<b>\$ 181,075</b>	<b>\$ 5,761,425</b>	<b>\$ 21,395,248</b>

The accompanying notes are an integral part of the financial statements.

**CITY OF DANVILLE, ILLINOIS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**April 30, 2015**

<b>FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$	18,391,420
 <b>Amounts reported for governmental activities in the statement of net position are different because:</b>		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		57,195,108
Certain property tax collections and other tax revenues are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.		1,645,000
Internal service fund is used by management to charge the costs of fleet maintenance and insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		282,971
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		<u>(10,933,362)</u>
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>66,581,137</u></b>

The accompanying notes are an integral part of the financial statements.

**CITY OF DANVILLE, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended April 30, 2015**

	<u>General Fund</u>	<u>Motor Fuel Tax</u>	<u>Danville Mass Transit</u>	<u>Bond and Interest</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Taxes	\$ 1,277,625	\$ -	\$ -	\$ 294,602	\$ 5,602,819	\$ 7,175,046
Intergovernmental	20,650,940	7,837,202	2,497,807	-	2,523,713	33,509,662
Licenses and permits	796,522	-	-	-	-	796,522
Charges for services	619,917	-	356,470	-	29,346	1,005,733
Fines and forfeits	527,592	-	-	-	-	527,592
Miscellaneous	855,814	158,045	39,108	119	16,546	1,069,632
Total revenues	<u>24,728,410</u>	<u>7,995,247</u>	<u>2,893,385</u>	<u>294,721</u>	<u>8,172,424</u>	<u>44,084,187</u>
<b>EXPENDITURES</b>						
Current:						
General government	6,010,137	-	-	-	-	6,010,137
Public safety	13,063,330	-	-	-	3,894,412	16,957,742
Community development	-	-	-	-	3,710,682	3,710,682
Public health and education	-	-	-	-	19,194	19,194
Transportation	-	-	2,741,432	-	-	2,741,432
Streets	2,542,121	751,157	-	-	-	3,293,278
Culture and recreation	1,642,456	-	-	-	-	1,642,456
Capital outlay	136,138	3,070,020	13,849	-	448,710	3,668,717
Debt service:						
Principal	-	-	-	765,000	763,843	1,528,843
Interest	-	-	-	69,857	408,147	478,004
Total expenditures	<u>23,394,182</u>	<u>3,821,177</u>	<u>2,755,281</u>	<u>834,857</u>	<u>9,244,988</u>	<u>40,050,485</u>
Excess (deficiency) of revenues over expenditures	<u>1,334,228</u>	<u>4,174,070</u>	<u>138,104</u>	<u>(540,136)</u>	<u>(1,072,564)</u>	<u>4,033,702</u>

	<u>General Fund</u>	<u>Motor Fuel Tax</u>	<u>Danville Mass Transit</u>	<u>Bond and Interest</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt proceeds	\$ -	\$ -	\$ -	\$ -	\$ 304,999	\$ 304,999
Transfers in	178,104	-	-	523,533	1,126,971	1,828,608
Transfers out	<u>(1,288,239)</u>	<u>-</u>	<u>(138,104)</u>	<u>-</u>	<u>(203,373)</u>	<u>(1,629,716)</u>
 Total other financing sources (uses)	<u>(1,110,135)</u>	<u>-</u>	<u>(138,104)</u>	<u>523,533</u>	<u>1,228,597</u>	<u>503,891</u>
 Net change in fund balance	224,093	4,174,070	-	(16,603)	156,033	4,537,593
 <b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>6,477,455</u>	<u>2,042,692</u>	<u>-</u>	<u>52,016</u>	<u>5,281,664</u>	<u>13,853,827</u>
 <b>FUND BALANCE, END OF YEAR</b>	<u>\$ 6,701,548</u>	<u>\$ 6,216,762</u>	<u>\$ -</u>	<u>\$ 35,413</u>	<u>\$ 5,437,697</u>	<u>\$ 18,391,420</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DANVILLE, ILLINOIS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended April 30, 2015**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$	4,537,593
 <b>Amounts reported for governmental activities in the statement of activities are different because:</b>		
 Revenues that are not available to pay current obligations are not reported in the fund financial statement, but they are presented in the statement of activities. The effect of the change from prior year is a reconciling item.		
		95,000
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 3,668,717	
Depreciation expense	<u>(3,716,568)</u>	(47,851)
Loss on disposal of capital assets		(63,619)
 Note payable proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal repayments	1,528,843	
Debt proceeds	(304,999)	
Net change in compensated absences	(126,337)	
Net change in other post-employment benefits	(425,044)	
Net change in pension obligations	<u>(80,786)</u>	591,677
 Internal service funds are used by management to charge the costs of insurance to individual funds. The net expenditure of internal service funds is reported with governmental activities		
		<u>(418,046)</u>
 <b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	 \$	 <u><u>4,694,754</u></u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DANVILLE, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**April 30, 2015**

	Business-Type Activities Enterprise Funds			Total	Governmental Activities - Internal Service
	Sanitary Sewer Department	Harrison Park	Solid Waste Management		Health Insurance Fund
<b>CURRENT ASSETS</b>					
Cash	\$ 12,889	\$ 1,618	\$ 24,677	\$ 39,184	\$ 681
Temporary investments	2,270,000	-	998,000	3,268,000	264,000
Receivables, net	427,555	718	413,565	841,838	18,774
Due from other funds	-	-	992	992	-
Prepaid items	13,991	2,824	16,798	33,613	-
Total current assets	<u>2,724,435</u>	<u>5,160</u>	<u>1,454,032</u>	<u>4,183,627</u>	<u>283,455</u>
<b>NONCURRENT ASSETS</b>					
Land	10,200	196,665	74,145	281,010	-
Buildings and improvements	16,339,263	822,455	-	17,161,718	-
Equipment	2,070,899	499,524	2,631,073	5,201,496	-
Total, at cost	18,420,362	1,518,644	2,705,218	22,644,224	-
Less accumulated depreciation	12,499,483	1,247,298	2,239,099	15,985,880	-
Total noncurrent assets	<u>5,920,879</u>	<u>271,346</u>	<u>466,119</u>	<u>6,658,344</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>8,645,314</u>	<u>276,506</u>	<u>1,920,151</u>	<u>10,841,971</u>	<u>283,455</u>
<b>CURRENT LIABILITIES</b>					
Accounts payable	-	387	-	387	-
Accrued payroll and other expenses	126,429	2,810	3,760	132,999	-
Accumulated vacation and sick days	68,526	17,163	61,142	146,831	-
Due to other funds	1,298	-	-	1,298	484
Advance payments	-	29,007	-	29,007	-
Notes payable, current portion	-	57,116	-	57,116	-
Total current liabilities	<u>196,253</u>	<u>106,483</u>	<u>64,902</u>	<u>367,638</u>	<u>484</u>
<b>TOTAL LIABILITIES</b>	<u>196,253</u>	<u>106,483</u>	<u>64,902</u>	<u>367,638</u>	<u>484</u>
<b>NET POSITION</b>					
Net investment in capital assets	5,920,879	214,230	466,119	6,601,228	-
Unrestricted	2,528,182	(44,207)	1,389,130	3,873,105	282,971
Total net position	<u>\$ 8,449,061</u>	<u>\$ 170,023</u>	<u>\$ 1,855,249</u>	<u>\$ 10,474,333</u>	<u>\$ 282,971</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DANVILLE, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended April 30, 2015**

	<b>Business-Type Activities</b>			<b>Total</b>	<b>Governmental</b>
	<b>Enterprise Funds</b>				<b>Activities -</b>
	<b>Sanitary</b>	<b>Harrison</b>	<b>Solid Waste</b>		<b>Internal Service</b>
	<b>Sewer Department</b>	<b>Park</b>	<b>Management</b>		<b>Health Insurance</b>
					<b>Fund</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 3,071,204	\$ 343,090	\$ 2,825,254	\$ 6,239,548	\$ 4,466,973
Miscellaneous	33,926	99,308	46,690	179,924	-
Total operating revenues	<u>3,105,130</u>	<u>442,398</u>	<u>2,871,944</u>	<u>6,419,472</u>	<u>4,466,973</u>
<b>OPERATING EXPENSES</b>					
Personnel services	1,173,919	230,697	1,264,213	2,668,829	4,886,388
Supplies and materials	189,057	116,515	252,446	558,018	-
Other services and charges	50,068	26,396	123,362	199,826	-
Contractual services	421,620	30,972	735,350	1,187,942	-
Capital outlay	30,515	-	-	30,515	-
Depreciation	496,834	53,197	133,617	683,648	-
Total operating expenses	<u>2,362,013</u>	<u>457,777</u>	<u>2,508,988</u>	<u>5,328,778</u>	<u>4,886,388</u>
Operating income (loss)	<u>743,117</u>	<u>(15,379)</u>	<u>362,956</u>	<u>1,090,694</u>	<u>(419,415)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest income	8,884	109	4,070	13,063	1,369
Interest expense	-	(5,778)	-	(5,778)	-
Total non-operating revenues (expenses)	<u>8,884</u>	<u>(5,669)</u>	<u>4,070</u>	<u>7,285</u>	<u>1,369</u>
Income (loss) before transfers	<u>752,001</u>	<u>(21,048)</u>	<u>367,026</u>	<u>1,097,979</u>	<u>(418,046)</u>
<b>TRANSFERS</b>					
Transfers out	(138,830)	-	(60,062)	(198,892)	-
<b>CHANGE IN NET POSITION</b>	<u>613,171</u>	<u>(21,048)</u>	<u>306,964</u>	<u>899,087</u>	<u>(418,046)</u>
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<u>7,835,890</u>	<u>191,071</u>	<u>1,548,285</u>	<u>9,575,246</u>	<u>701,017</u>
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$ 8,449,061</u>	<u>\$ 170,023</u>	<u>\$ 1,855,249</u>	<u>\$ 10,474,333</u>	<u>\$ 282,971</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DANVILLE, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPES**  
**Year Ended April 30, 2015**

	<u>Sanitary Sewer Department</u>	<u>Harrison Park</u>	<u>Solid Waste Management</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Health Insurance Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers including cash deposits	\$ 3,194,998	\$ 435,424	\$ 2,850,127	\$ 6,480,549	\$ 4,460,436
Cash paid to suppliers and for claims	(737,169)	(179,004)	(1,051,307)	(1,967,480)	(4,886,388)
Cash paid to others	-	-	(992)	(992)	-
Cash paid to employees	<u>(1,166,847)</u>	<u>(237,568)</u>	<u>(1,281,427)</u>	<u>(2,685,842)</u>	<u>(147)</u>
Net cash provided by (used in) operating activities	<u>1,290,982</u>	<u>18,852</u>	<u>516,401</u>	<u>1,826,235</u>	<u>(426,099)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Cash transfers to other funds	<u>(138,830)</u>	<u>-</u>	<u>(60,062)</u>	<u>(198,892)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal payments on notes payable	-	(50,790)	-	(50,790)	-
Interest paid on notes payable	-	(5,778)	-	(5,778)	-
Purchase of property and equipment	<u>(374,691)</u>	<u>-</u>	<u>(366,107)</u>	<u>(740,798)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(374,691)</u>	<u>(56,568)</u>	<u>(366,107)</u>	<u>(797,366)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchases of investments	(2,270,000)	-	(998,000)	(3,268,000)	(264,000)
Interest received	8,884	109	4,070	13,063	1,369
Proceeds from sale of investments	<u>1,456,000</u>	<u>-</u>	<u>879,000</u>	<u>2,335,000</u>	<u>475,000.00</u>
Net cash provided by (used in) investing activities	<u>(805,116)</u>	<u>109</u>	<u>(114,930)</u>	<u>(919,937)</u>	<u>212,369</u>
<b>NET DECREASE IN CASH</b>	<u>(27,655)</u>	<u>(37,607)</u>	<u>(24,698)</u>	<u>(89,960)</u>	<u>(213,730)</u>
<b>CASH, BEGINNING OF YEAR</b>	<u>40,544</u>	<u>39,225</u>	<u>49,375</u>	<u>129,144</u>	<u>214,411</u>
<b>CASH, END OF YEAR</b>	<u>\$ 12,889</u>	<u>\$ 1,618</u>	<u>\$ 24,677</u>	<u>\$ 39,184</u>	<u>\$ 681</u>

	<u>Sanitary Sewer Department</u>	<u>Harrison Park</u>	<u>Solid Waste Management</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Health Insurance Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 743,117	\$ (15,379)	\$ 362,956	\$ 1,090,694	\$ (419,415)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	496,834	53,197	133,617	683,648	-
Effects of changes in operating assets and liabilities:					
Receivables	(4,989)	(155)	(21,817)	(26,961)	(6,537)
Due from other funds	-	-	-	-	-
Prepaid	45,526	5,121	60,462	111,109	-
Accounts payable and accrued payroll	2,124	(1,335)	(611)	178	-
Other current liabilities	7,072	(6,871)	(17,214)	(17,013)	-
Advance payments	-	(15,726)	-	(15,726)	-
Due to other funds	1,298	-	(992)	306	(147)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 1,290,982</u>	<u>\$ 18,852</u>	<u>\$ 516,401</u>	<u>\$ 1,826,235</u>	<u>\$ (426,099)</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DANVILLE, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**April 30, 2015**

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 2,156,139	\$ 32,687	\$ 2,188,826
Investments:			
Certificates of deposit	-	310,000	310,000
Treasury notes	2,660,141	-	2,660,141
US government agencies	3,728,594	-	3,728,594
Bonds	4,967,491	-	4,967,491
Mutual funds	14,532,042	-	14,532,042
Receivables:			
Accounts	-	89,514	89,514
Accrued interest	67,416	-	67,416
Other	4,069,647	-	4,069,647
<b>TOTAL ASSETS</b>	<u>32,181,470</u>	<u>432,201</u>	<u>32,613,671</u>
<b>LIABILITIES</b>			
Accounts payable	-	135,205	135,205
Due to others	-	296,996	296,996
<b>Total liabilities</b>	<u>-</u>	<u>432,201</u>	<u>432,201</u>
<b>NET POSITION</b>			
Held in trust for pension benefits	<u>\$ 32,181,470</u>	<u>\$ -</u>	<u>\$ 32,181,470</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DANVILLE, ILLINOIS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**Year Ended April 30, 2015**

**ADDITIONS**

**Contributions**

Employer	\$ 4,284,370
Plan members	<u>750,493</u>
Total contributions	<u>5,034,863</u>

**Investment income**

Net appreciation in fair value of investments	1,306,615
Interest and dividends	<u>389,164</u>
Total investment income	1,695,779
Less investment expense	<u>114,410</u>
Net investment income	<u>1,581,369</u>

Total additions	<u>6,616,232</u>
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**DEDUCTIONS**

Benefits	6,218,370
Administrative expense	<u>83,352</u>
Total deductions	<u>6,301,722</u>

<b>CHANGE IN NET POSITION</b>	314,510
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**NET POSITION HELD IN TRUST FOR  
PENSION BENEFITS, BEGINNING OF YEAR**

31,866,960

**NET POSITION HELD IN TRUST FOR  
PENSION BENEFITS, END OF YEAR**

\$ 32,181,470

The accompanying notes are an integral part of the financial statements.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

City of Danville, Illinois (City) is a municipality located in Central Illinois. Revenues are substantially generated as a result of taxes assessed and allocated to the City (examples would be property, sales, income, and motor fuel taxes), charges for services performed and governmental grants. Revenues are therefore dependent on the economy within the territorial boundaries of the City and nearby surrounding area and the appropriations of entitlements at the State and Federal Government level. Taxable industry within the area is primarily manufacturing and retail. The surrounding area has a substantial agricultural base.

The following is a summary of the significant accounting policies of the City.

**PRINCIPLES USED TO DETERMINE THE SCOPE OF THE REPORTING ENTITY**

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The City's reporting entity includes the City's governing board and all related organizations for which the City is financially accountable.

The City is not aware of any entity which would be financially accountable for the City to the extent that they would be considered a component unit of the entity.

**Component Units**

In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

**Blended Component Units**

The City of Danville Police Pension Fund is a separate entity, governed by a five-member board including representatives of the City. The City of Danville Firefighters' Pension Fund is also a separate entity, governed by a five-member board, including representatives of the City. The Pension Funds are recorded as if they were part of the City's operations because they exclusively benefit the primary government. Separate financial statements are not provided.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Discretely Presented Component Unit**

Danville Public Library is a separate entity, governed by a board primarily appointed by the primary government. The Library is dependent on the City because its budget is approved and can be modified by the City. Although the City does not have legal access to their resources, the tax rates established by the Library and bonded debt must be approved by the City Council. The primary government cannot, however, overrule or modify decisions of the Library's governing body, approve or modify fee changes, or appoint or dismiss those responsible for day to day operations. In accordance with generally accepted accounting policies for governments, this unit is reported in a separate column to emphasize that it is legally separate from the City. Separate supplementary information financial statements are available upon request.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for budgetary purposes. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within the current period or soon thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days of the end of the current fiscal year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, deferred inflows of resources and fund balance/net position, revenues, and expenditures/expenses.

Governmental Funds are those through which governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable resources and the related liabilities are accounted for through governmental funds. The City reports the following major governmental funds:

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

**General Fund** – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Motor Fuel Tax Fund** – This fund is used to collect and disburse state funds for City road projects.

**Danville Mass Transit** – This fund is used to account for activities of the public transportation.

**Bond and Interest Fund** – This fund is used to account for accumulation of resources for, and the payment of, bond principal, interest, and related costs.

Proprietary funds are used to account for City activities that are similar to those found in the private sector. The measurement focus is upon the determination of net income, financial position, and changes in financial position.

The City reports the following major proprietary funds:

**Sanitary Sewer Department** – This fund accounts for the operations and maintenance of the Sanitary Sewer Department.

**Harrison Park** – This fund accounts for the operations and maintenance of the City-owned golf course.

**Solid Waste Management** – This fund accounts for the operations and maintenance of the Solid Waste Department.

Additional governmental fund types which are combined as nonmajor funds are as follows:

**Governmental Fund Types**

**Special Revenue Funds** – These funds are used to account for City activities which are primarily financed by special revenue sources such as governmental grants or general property taxes levied for specific purposes.

**Capital Projects Funds** – These funds are used to account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

**Governmental Fund Types (continued)**

**Debt Service Funds** – These funds are used to account for principal and interest payments made throughout the year on the general obligation bonds.

**Proprietary Fund Types**

**Internal Service Funds** – The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency, or other departments or agencies of the government, on a cost-reimbursement basis.

**Pension Trust Funds** – These funds are established to provide pension benefits for City employees. These are accounted for essentially the same as proprietary funds since capital maintenance is critical.

Proprietary funds separate all activity into two categories: operating and non-operating revenues and expenses. Operating revenues and expenses result from providing services and producing and delivering goods. Non-operating revenues and expenses entail all other activity not included in operating revenues and expenses. Non-operating revenues and expenses include capital and noncapital financing activities and investing activities.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Allowance for Uncollectible Accounts is based on historical collection trends, collections made subsequent to the fiscal year end, and anticipated economic conditions that may affect the City's ability to collect. Actual results could differ from these estimates.

**POOLED CASH**

The City maintains pooled cash accounts for different fund groups which are used to account for all cash transactions of that group. Monthly interest income of each pool is distributed to the individual funds based on their cash balances in the pool during that period.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**TEMPORARY INVESTMENTS**

Temporary investments consist of certificates of deposit with maturities of less than one year. These investments are stated at cost which approximates fair value.

**FIDUCIARY FUND INVESTMENTS**

Investments are carried at fair value based on quoted market prices.

**RECEIVABLES**

The City's receivables include sewer and solid waste billings which are not collateralized or secured and are shown net of an allowance for uncollectibles. These receivables are due when the customers are billed.

Receivables also include property tax receivables, outstanding balances due from other governments and other miscellaneous items.

**PREPAID ITEMS**

The City's liability insurance is for coverage on a calendar year. The City makes one payment in the month prior to the coverage year. The prepaid items represent costs applicable to future fiscal periods and is recorded as expenditures/expenses when consumed rather than when purchased.

**CAPITAL ASSETS**

Capital assets, which include property, equipment, and infrastructure assets (e.g., bridges, drainage systems, and similar items) are reported in the City's government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for equipment, \$10,000 for infrastructure, and \$15,000 for buildings and improvements. Buildings and equipment acquired prior to January 31, 1982 are valued at estimated cost at this date. Land is valued at appraised value as of April 30, 1975. All other additions since these dates are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CAPITAL ASSETS** (Continued)

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years
Equipment	3-7 years
Infrastructure assets	25 years

**IMPAIRMENT OF LONG-LIVED ASSETS**

In accordance with GASB Statement, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries," management evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. No impairment losses were recognized in the year ended April 30, 2015.

**LONG-TERM LIABILITIES**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position including discretely presented component units.

The proprietary funds are accounted for on the accrual basis. This means that all assets and all liabilities (whether current or noncurrent) associated with their activities are included on the statement of net position of these funds.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ACCUMULATED UNPAID VACATION AND SICK PAY**

Vacation days are required to be used in the year to which they apply, the “year” being determined by the anniversary of the date of hire. City employees are not permitted to accumulate vacation days. Compensated absences will be paid from the fund from which the employee is paid for regular payroll.

City employees may accumulate sick days as follows:

	<u>Per Year</u>	<u>Maximum Accumulation</u>	<u>Payable on Retirement</u>
Policemen	15	No maximum	60
Firemen	30 – 56	180 – 252	60 – 84
Other union employees	15	180	60
Non-union employees	12	120	40

**DEFERRED OUTFLOWS OF RESOURCES**

The City would report decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statement of net position or governmental fund balance sheet. No deferred outflows of resources are reported in these financial statements in the current year.

**DEFERRED INFLOWS OF RESOURCES**

The City’s governmental activities and governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position of fund equity that applies to a future period. The City will not recognize the related revenue until a future event occurs. The City has two types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the City’s year) under the modified accrual basis of accounting.

**FUND BALANCE AND EQUITY CLASSIFICATION**

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**FUND BALANCE AND EQUITY CLASSIFICATION (Continued)**

**Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has prepaid expenses as nonspendable fund balance.

**Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified state and federal grants as being restricted because their use is restricted by granting agencies. The City has also classified property, replacement, and motor fuel taxes as being restricted because their use is restricted by state laws and regulations.

**Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

**Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to a Council member or the Treasurer through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

**Unassigned:** This classification includes the residual fund balance for the General Fund and includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

**Net Position:** Net position represents the difference between assets, liabilities and deferred inflows of resources. Net position, investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net positions are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on the second Tuesday of December and are intended to finance the City's new fiscal year beginning May 1. The City is a "Home Rule" municipality as described in Art. 7 Sec. b of the Illinois Constitution. The City, therefore, does not have a limit on the rate of tax, which may be imposed for government services. The combined tax rate of the City for the year ended April 30, 2015 was \$2.055 per \$100 assessed valuation. For budgetary purposes, taxes are recognized as revenue in the period in which they are intended to finance.

Property in the City of Danville is assessed by the Vermilion County Assessor. The values are adjusted by various percentages depending upon the type of property (residential, commercial, etc.). The assessed values are equalized by the Illinois Department of Revenue to ensure uniformity of property assessments throughout the state. The Vermilion County Clerk computes the annual tax rate by dividing the levy into the equalized value of each taxing unit. The Clerk then computes the tax for each parcel by multiplying the aggregate rates of all the taxing units having jurisdiction over the parcel by the equalized value. The tax amounts by parcel are forwarded to the Vermilion County Collector.

Property taxes are collected by the Vermilion County Collector who remits to the taxing units their respective shares of the collection. Taxes levied in one year become due and payable in two installments during the following year in August and September.

Based on collection histories, the City has provided at April 30, 2015 an allowance for uncollectible real property taxes equivalent to 1 percent of the current year's levy. The billings are considered delinquent if not paid within 30 days of their due date, at which time 1 ½% interest will be charged to the delinquent amount per month.

**ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Projects Funds. Encumbrances outstanding at year-end are reported as restricted, committed or assigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. See Note 18 for further disclosures related to the encumbrances.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BUDGETS AND BUDGETARY ACCOUNTING**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In October the City Council is presented with a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them. The legal level of budgetary control is within each fund.
2. A public hearing is held the first Tuesday in December to obtain taxpayer comments.
3. The budget is adopted the second City Council meeting in December, by majority vote.
4. Budget amendments which alter total expenditures of any fund must be approved by a 3/5 vote of the City Council. The budget revisions for fiscal year 2015 totaled \$1,587,905 and \$819,660 for the General Fund and the Mass Transit District Fund, respectively.
5. Legally adopted budgets is employed as a management control device during the year for all funds of the City other than State and Federal Grant Special Revenue Funds which employ project oriented budget control procedures.
6. Budgets for the City, except for the Library, are not prepared in accordance with generally accepted accounting principles (GAAP). Revenues are budgeted on the cash basis of accounting and expenditures are budgeted using the cash plus encumbrance basis of accounting. Budgetary comparisons in this report are presented on this non-GAAP basis for the City, except for the Library, which uses the modified accrual basis for its budget.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 2 - CASH AND INVESTMENTS**

The City Council has adopted an investment policy which authorizes the City to invest funds in a manner which will provide the highest return of public funds with maximum security while meeting the daily cash flow demands of the City of Danville. Statutes and policy authorize the City, including Pension funds, to invest in bonds, notes, certificates, treasury bills, or other securities guaranteed by the full faith and credit of the United States Government as to principal and interest, short-term discount obligations of the Federal National Mortgage Association, certificates of deposit, time deposits or savings accounts which constitute direct obligations of any bank, share and securities of savings and loan associations, share accounts of an Illinois or federal chartered credit union, the State Treasurer's investment pool, commercial paper noted in the "A" category by two standard rating services and maturity dates no longer than 180 days, or money market mutual funds registered under the Investment Company Act of 1940.

As of April 30, 2015, the carrying amount of the City's (primary government) bank deposits including certificates of deposit was \$16,847,700 and the bank balance was \$17,380,895. Included in the carrying amounts are certificates of deposit totaling \$6,396,800 and money market deposits of \$7,268,000. The component unit, Danville Public Library, had a carrying amount of deposits of \$1,324,486 and the bank balance was \$891,423. The Police and Fire Funds had a carrying amount of deposits of \$2,156,139 and the bank balance was \$2,194,278.

**Custodial Credit Risk** – the risk that a government will not be able to cover deposits if the depository financial institution fails or will not be able to recover collateral securities that are in the possession of an outside party. The City's deposit policy allows that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent, third party institution in the name of the City. As of April 30, 2015 the City's deposits were fully insured or collateralized.

**Deposits in the Illinois Funds** - The State Treasurer maintains the Illinois Funds Money Market Fund (Pool). Its primary purpose is to provide custodians of public funds with an alternative investment vehicle which enables them to earn a competitive rate on return or fully collateralized investments, while maintaining immediate access to those funds.

The monies invested by the individual participants are pooled together and invested in U.S. Treasury bills and notes backed by full faith and credit of the U.S. Treasury. In addition, monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements. The Pool maintains a Standard and Poor's AAAM rating.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

The time deposits are collateralized 110% over the FDIC \$250,000 insurance limit with U.S. Treasury obligations and marked to market on a weekly basis to maintain sufficiency. The repurchase agreements are collateralized at 102% with U.S. Treasury obligations and the collateral is checked daily to determine sufficiency. Deposits in the Illinois Funds totaled \$2,085 for the primary government and \$119,087 for the component unit at April 30, 2015.

All funds deposited in the Pool are classified as investments even though some could be withdrawn on a day's notice. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235.

**Pension Funds**

The pension investment policy requires the investment strategy to be in full compliance with statutes of the State of Illinois and applicable rules and regulations governing the investment of pension funds.

Interest Rate Risk - The City minimizes the risk the fair value of fixed income securities in the portfolio will fall due to changes in the general interest rates by structuring the investment portfolio so that fixed income securities mature to meet cash requirements for on-going operations and by investing operating funds primarily in shorter-term fixed income securities.

As of April 30, 2015, the Pension Funds had the following investments:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Less Than 1 Year</b>	<b>1 – 5 Years</b>	<b>6 – 10 Years</b>	<b>More Than 10 Years</b>
Treasury notes	\$ 2,660,141	\$ -	\$ 1,867,792	\$ 792,349	\$ -
U.S. government agencies	3,728,594	-	467,749	2,660,719	600,126
Mutual funds	14,532,042	14,532,042	-	-	-
Bonds	<u>4,967,491</u>	<u>-</u>	<u>3,128,473</u>	<u>1,839,018</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 25,888,268</u></b>	<b><u>\$ 14,532,042</u></b>	<b><u>\$ 5,464,014</u></b>	<b><u>\$ 5,292,086</u></b>	<b><u>\$ 600,126</u></b>

Credit Risk and Concentration of Credit Risk - The funds' policy limits investments to those authorized by state statutes and applicable rules and regulations governing the investment of pension funds. It is the policy of the Boards to minimize the risk of large loss through diversification by maturity, type within Illinois Pension Code guidelines, and institution. The funds avoid a concentration of credit risk by diversifying its investments by security type and institution. As of April 30, 2015, the Boards did not invest over 5 percent of its assets in any one issuer. Treasury notes and U.S. Government agencies were rated Aaa, and bonds were rated Aa1 to Baa.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 3 - OTHER RECEIVABLES**

The following summarizes recorded notes receivable through a community development revolving loan program initially established through grants from the Illinois Department of Commerce and Community Affairs.

<u>Payee</u>	<u>Terms</u>	<u>Balance</u> <u>April 30, 2015</u>
Heartland Center	Monthly payments of \$833 no interest	\$ 71,190
Peter Blackmon	Monthly payments vary based on interest rates. Current rate is 1.83%.	7,627
Peter Blackmon Façade Loan	Monthly payments of \$389 including interest of 4.750%	50,000
Danville Renaissance Enterprises, LLC	Monthly payments of \$573 including interest of 2%	26,729
Sharon Joyner	Monthly payments of \$125 no interest	3,575
Rich's Deluxe Family Restaurant	Monthly payments of \$575 including interest of 2%	30,595
Shirley Smith	Monthly payments of \$50 no interest	875
Café 13 Carla Cahill	Monthly payments of \$192 including interest of 2%	15,000

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 3 - OTHER RECEIVABLES (CONTINUED)**

<u>Payee</u>	<u>Terms</u>	<u>Balance</u> <u>April 30, 2015</u>
Daniel Duncheon	Monthly payments of \$216 including interest of 2%	\$ 19,097
S&N Enterprises LLC	Monthly payments of \$345 including interest of 2%	18,240
Donna Anderson	Monthly payments of \$73 no interest	2,568
Newton Cleaning	Monthly payments of \$453 including interest of 3.25%	10,785
Myra Hardimon	Monthly payments of \$103 no interest	5,842
A.D. Patton	Monthly payments of \$79 no interest	2,593
Townway Place	Monthly payments of \$270 including interest of 2%	62,570
Erma Williams	Monthly payments of \$85 no interest	540
Juanita & Nathaniel Smalls	Monthly payments of \$75 no interest	<u>2,100</u>
<b>Total</b>		<u><u>\$ 329,925</u></u>

The due dates for the other receivables above, range from 2015 to 2017. Several notes listed above have passed their due dates, with no formal extension dates. However, payments are being received on a regular basis and, therefore, are expected to be fully collected.

These notes receivables are recorded in the following funds:

	<u>Total</u>	<u>Due Within</u> <u>One Year</u>
Small Business Loan Fund	\$ 249,263	\$ 44,495
Housing Loan Fund	<u>80,662</u>	<u>9,829</u>
<b>Total</b>	<u><u>\$ 329,925</u></u>	<u><u>\$ 54,324</u></u>

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 4 - INTERFUND ACCOUNTS**

Individual fund interfund receivables and payables (due to/due from other funds) at April 30, 2015 were as follows:

	<u>Receivable</u>	<u>Payable</u>
<b>Primary Government:</b>		
<b>General Fund</b>	\$ 394,577	\$ 992
<b>Motor Fuel Tax</b>	<u>-</u>	<u>78,000</u>
<b>Danville Mass Transit</b>	<u>-</u>	<u>281,701</u>
<b>Non-Major Governmental Funds</b>		
CDBG	-	14,924
DATS Program	-	14,511
Capital Fund	<u>-</u>	<u>3,659</u>
Total Non-Major Governmental Funds	<u>-</u>	<u>33,094</u>
<b>Business-Type Activities</b>		
Solid Waste Management	992	-
Sewer Fund	<u>-</u>	<u>1,298</u>
Total Business-Type Activities	<u>992</u>	<u>1,298</u>
<b>Internal Service Funds</b>		
Health Insurance Department	<u>-</u>	<u>484</u>
<b>Total</b>	<u>\$ 395,569</u>	<u>\$ 395,569</u>

The amounts due to/from other funds are for routine and recurring interfund charges. The amount payable to the General Fund from Danville Mass Transit is not expected to be repaid within one year.

Interfund transfers for the year ended April 30, 2015 consisted of the following:

Transfer to General Fund from:	
Non-major Governmental Funds	<u>\$ 40,000</u>
Transfer to Bond and Interest Fund from:	
Sanitary Sewer Fund	<u>\$ 88,737</u>
Transfer to Bond and Interest Fund from:	
General Fund	<u>\$ 434,796</u>
Transfer to Non-major Governmental Fund from:	
Non-major Governmental Funds	<u>\$ 163,373</u>
Transfer to General Fund from:	
Danville Mass Transit Fund	<u>\$ 138,104</u>
Transfer to Non-major Governmental Funds from:	
General Fund	<u>\$ 853,443</u>
Transfer to Non-major Governmental Funds from:	
Sanitary Sewer Fund	<u>\$ 50,093</u>
Transfer to Non-major Governmental Funds from:	
Solid Waste Management Fund	<u>\$ 60,062</u>

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 4 - INTERFUND ACCOUNTS (CONTINUED)**

Transfers are used to (1) move revenues from the fund collecting them to the fund that statute or budget reflects to expend them and (2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ending April 30, 2015 was as follows:

**Primary government**

**Governmental activities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 6,134,573	\$ -	\$ -	\$ 6,134,573
Construction in progress	<u>17,399,421</u>	<u>-</u>	<u>17,399,421</u>	<u>-</u>
	<u>23,533,994</u>	<u>-</u>	<u>17,399,421</u>	<u>6,134,573</u>
Capital assets being depreciated:				
Buildings	18,309,067	-	-	18,309,067
Equipment	21,771,901	183,847	510,448	21,445,300
Infrastructure	<u>40,606,678</u>	<u>20,884,291</u>	<u>-</u>	<u>61,490,969</u>
	80,687,646	21,068,138	510,448	101,245,336
Less accumulated depreciation	<u>46,915,062</u>	<u>3,716,568</u>	<u>446,829</u>	<u>50,184,801</u>
	<u>33,772,584</u>	<u>17,351,570</u>	<u>63,619</u>	<u>51,060,535</u>
<b>Total</b>	<u><u>\$57,306,578</u></u>	<u><u>\$17,351,570</u></u>	<u><u>\$ 17,463,040</u></u>	<u><u>\$57,195,108</u></u>

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

**Business-Type activities**

**Sanitary Sewer**

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Ending Balance</u></b>
Capital assets not being depreciated:				
Land	\$ 10,200	\$ -	\$ -	\$ 10,200
Capital assets being depreciated:				
Sewer construction	16,103,807	235,456	-	16,339,263
Equipment	<u>1,977,629</u>	<u>139,235</u>	<u>45,965</u>	<u>2,070,899</u>
	18,081,436	374,691	45,965	18,410,162
Less accumulated depreciation	<u>12,048,614</u>	<u>496,834</u>	<u>45,965</u>	<u>12,499,483</u>
	<u>6,032,822</u>	<u>(122,143)</u>	<u>-</u>	<u>5,910,679</u>
<b>Total</b>	<u>6,043,022</u>	<u>(122,143)</u>	<u>-</u>	<u>5,920,879</u>

**Harrison Park**

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Ending Balance</u></b>
Capital assets not being depreciated:				
Land	\$ 196,665	\$ -	\$ -	\$ 196,665
Capital assets being depreciated:				
Buildings and improvements	822,455	-	-	822,455
Equipment	<u>499,524</u>	<u>-</u>	<u>-</u>	<u>499,524</u>
	1,321,979	-	-	1,321,979
Less accumulated depreciation	<u>1,194,101</u>	<u>53,197</u>	<u>-</u>	<u>1,247,298</u>
	<u>127,878</u>	<u>(53,197)</u>	<u>-</u>	<u>74,681</u>
<b>Total</b>	<u>324,543</u>	<u>(53,197)</u>	<u>-</u>	<u>271,346</u>

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

**Solid Waste Management**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 74,145	\$ -	\$ -	\$ 74,145
Capital assets being depreciated:				
Equipment	2,264,966	366,107	-	2,631,073
Less accumulated depreciation	<u>2,105,482</u>	<u>133,617</u>	<u>-</u>	<u>2,239,099</u>
	<u>159,484</u>	<u>232,490</u>	<u>-</u>	<u>391,974</u>
<b>Total</b>	<u>233,629</u>	<u>232,490</u>	<u>-</u>	<u>466,119</u>
 <b>Total Business- Type Activities</b>	 <u>\$ 6,601,194</u>	 <u>\$ 57,150</u>	 <u>\$ -</u>	 <u>\$ 6,658,344</u>

**Component Unit – Danville Public Library**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Library	\$ 2,866,645	\$ 135,062	\$ -	\$ 3,001,707
Less accumulated depreciation	<u>2,529,595</u>	<u>60,832</u>	<u>-</u>	<u>2,590,427</u>
<b>Total</b>	<u>\$ 337,050</u>	<u>\$ 74,230</u>	<u>\$ -</u>	<u>\$ 411,280</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 562,318
Public safety	247,244
Transportation	208,406
Streets	2,473,877
Culture and recreation	<u>224,723</u>
<b>Total depreciation – governmental activities</b>	<u>\$ 3,716,568</u>
Business-type activities:	
Sanitary Sewer	\$ 496,834
Harrison Park	53,197
Solid Waste Management	<u>133,617</u>
<b>Total depreciation – business-type activities</b>	<u>\$ 683,648</u>

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 6 - LONG-TERM DEBT**

**Governmental Activities**

Bonds payable at April 30, 2015 are comprised of the following:

\$ 4,115,000	General Obligation Bond: \$4,750,000 issued February 1, 2009. Interest is payable semi-annually at variable rates not to exceed 7.5% per annum. Bond matures December, 2028 (principal and interest to be serviced by property tax levy with residual amounts from general revenues).
880,000	General Obligation Bond: \$3,175,000 issued September 26, 2011. Interest is payable semi-annually at rates of 1.00% to 4.00% per annum. Bond matures December, 2016 (principal and interest to be serviced by property tax levy with residual amounts from general revenues and sewer fund revenues). Bond issue refunded Series 2001 general obligation bond which were used for various capital projects.
2,175,000	General Obligation Bond: \$3,985,000 issued February 5, 2007. Interest is payable semi-annually at rates of 3.90% to 5.0% per annum. Bond matures December, 2021 (principal and interest to be serviced by tele-communication tax revenue, general revenues, solid waste funds and sewer fund revenues of the City).
<u>\$ 7,170,000</u>	

Notes payable at April 30, 2015 are comprised of the following:

\$ 271,076	First Financial Bank. Monthly payments of \$21,568 plus one balloon payment in the amount of \$43,066, including interest of 3.01%. Note matures May 23, 2016 (principal and interest is to be serviced by the Infrastructure Development Fund).
262,831	First Financial Bank. Quarterly payments of \$17,008, including interest of 4.25%. Note matures July 1, 2019 (principal and interest is to be serviced by the Infrastructure Development Fund).
<u>\$ 533,907</u>	

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

**Business Type Activities**

\$ 57,116 Central Illinois Bank. Annual payments of \$58,135, including interest at 4.99%. Note matures October, 2015.

The above notes payable are unsecured.

The annual requirements to amortize all bonds and notes payable outstanding as of April 30, 2015 are as follows:

<b>Year Ending April 30</b>	<b>Notes Payable</b>		<b>General Obligation Bonds</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2016	385,523	17,921	920,000	283,793	1,305,523	301,714
2017	60,251	7,782	975,000	252,231	1,035,251	260,013
2018	62,853	5,180	545,000	209,793	607,853	214,973
2019	65,567	2,466	565,000	188,293	630,567	190,759
2020	16,829	179	590,000	165,848	606,829	166,027
2021-2025	-	-	2,165,000	515,740	2,165,000	515,740
2026-2029	-	-	<u>1,410,000</u>	<u>151,278</u>	<u>1,410,000</u>	<u>151,278</u>
<b>Total</b>	<u>\$ 591,023</u>	<u>\$ 33,528</u>	<u>\$ 7,170,000</u>	<u>\$ 1,766,976</u>	<u>\$ 7,761,023</u>	<u>\$ 1,800,504</u>

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

Long-term debt activity for the year ending April 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable					
General obligation bonds	\$ 8,410,000	\$ -	\$ 1,240,000	\$ 7,170,000	\$ 920,000
Notes payable	517,751	304,999	288,843	533,907	328,408
Net police and fire pension obligation	64,176	80,786	-	144,962	-
Net IMRF pension obligation	353,538	-	-	353,538	-
Other post-employment benefits	388,698	425,044	-	813,742	-
Accumulated vacation and sick days	<u>1,790,879</u>	<u>126,334</u>	<u>-</u>	<u>1,917,213</u>	<u>383,443</u>
<b>Total</b>	<u>\$ 11,525,042</u>	<u>\$ 937,163</u>	<u>\$ 1,528,843</u>	<u>\$ 10,933,362</u>	<u>\$ 1,631,871</u>
<b>Business-Type activities:</b>					
Notes payable	\$ 107,906	\$ -	\$ 50,790	\$ 57,116	\$ 57,116
Accumulated vacation and sick days	<u>146,164</u>	<u>667</u>	<u>-</u>	<u>146,831</u>	<u>29,366</u>
<b>Total</b>	<u>\$ 254,070</u>	<u>\$ 667</u>	<u>\$ 50,790</u>	<u>\$ 203,947</u>	<u>\$ 86,482</u>

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 7 - PENSION PLANS**

The City of Danville participates in three defined benefit pension plans: the Illinois Municipal Retirement Fund, an agent multiple-employer plan, the Police Pension Plan, a single-employer plan, and the Firefighter Pension Plan, a single-employer plan.

**Illinois Municipal Retirement Fund**

*Plan Description.* The City of Danville's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City of Danville's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy.* As set by statute, the City of Danville Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require the City of Danville to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City of Danville's annual required contribution rate for calendar year 2014 was 12.05 percent. The City of Danville also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* For calendar year ending December 31, 2014, the City of Danville's annual pension cost was \$914,740. Its required contribution for calendar year 2014 was \$914,740.

Annual required contribution	\$ 914,740
Contributions made by the City	<u>914,740</u>
Increase in net pension obligation	-
Net pension obligation, beginning of year	<u>353,538</u>
<b>Net pension obligation, end of year</b>	<b><u>\$ 353,538</u></b>

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 7 – PENSION PLANS (CONTINUED)**

**Illinois Municipal Retirement Fund (Continued)**

The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the City of Danville’s Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City of Danville’s Regular plan’s unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

*Funded Status and Funding Progress.* As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 74.95 percent funded. The actuarial accrued liability for benefits was \$21,434,917 and the actuarial value of assets was \$16,065,857, resulting in an underfunded actuarial accrued liability (UAAL) of \$5,369,060. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$7,591,206 and the ratio of the UAAL to the covered payroll was 71 percent.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Police Pension Plan**

**Plan Description**

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer, pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 Article 3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The City’s payroll for employees covered by the Police Pension Plan for the year ended April 30, 2015 was \$4,108,517 out of a total payroll of \$16,399,435. At April 30, 2015 the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	67
Active vested plan members	42
Active non-vested plan members	19
<b>Total</b>	<u><u>128</u></u>

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 7 – PENSION PLANS (CONTINUED)**

**Police Pension Plan (Continued)**

**Plan Description** (Continued)

The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final salary for each year of service up to 30 years, to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5% of final salary for each year of service. Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty or otherwise the greater of 50% of final salary or the employee's retirement benefit. Employees disabled in the line of duty receive 65% of final salary. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977, shall be increased annually following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years by 3% of the original pension. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as 3% of the amount payable at the time of the increase.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest.

For employees hired after January 1, 2011, the Normal Retirement age is attainment of age 55 and completion of 10 years of service; Early Retirement age is attainment of age 50, completion of 10 years of service and the Early Retirement Factor is 6% per year; the Employee's Accrued Benefit is based on the Employee's final 8-year average salary not to exceed \$106,800 (as indexed); Cost of living adjustments are simple increases (not compounded) of the lesser of 3% or 50% of CPI beginning the later of the anniversary date and age 60; Surviving Spouse's Benefits are 66 2/3% of the Employee's benefit at the time of death.

**Firefighter Pension Plan**

**Plan Description**

Fire sworn personnel are covered by the Firefighter Pension Plan, which is a defined-benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contribution levels are mandated by Illinois State Statutes (Chapter 40, Article 4) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Firefighter Pension Plan for the year ended April 30, 2015 was \$3,324,495 out of a total payroll of \$16,399,435. At April 30, 2015 the Firefighter Pension Plan membership consisted of:

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 7 – PENSION PLANS (CONTINUED)**

**Firefighter Pension Plan (Continued)**

**Plan Description** (continued)

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	81
Active vested plan members	34
Active non-vested plan members	<u>17</u>
<b>Total</b>	<b><u><u>132</u></u></b>

The following is a summary of the Firefighter Pension Plan as provided for in Illinois State Statutes.

The Firefighter Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service. The pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month of service over 20 years up to 30 years, to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit ranging from 15% of final salary for 10 years of service to 45.6% for 19 years of service. Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty, or otherwise the greater of 54% of final salary or the monthly retirement pension that the deceased firefighter was receiving at the time of death. Surviving children receive 12% of final salary. The maximum family survivor benefit is 75% of final salary. Employees disabled in the line of duty receive 65% of final salary.

The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977, shall be increased annually following the first anniversary date of retirement and be paid upon reaching at least the age 55 by 3% of the amount of the pension payable at time of the increase.

Covered employees are required to contribute 9.455% of their salary to the Firefighter Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 7 – PENSION PLANS (CONTINUED)**

**Firefighter Pension Plan (Continued)**

**Plan Description** (continued)

For employees hired after January 1, 2011, the annual retirement benefit is (2.5%) of final average salary for each year of service up to (30) years, to a maximum of (75%) of such salary, the Normal Retirement age is attainment of age 55 and completion of 10 years of service; Early Retirement age is attainment of age 50, completion of 10 years of service and the Early Retirement Factor is 6% per year; the Employee's Accrued Benefit is based on the Employee's final 8-year average salary not to exceed \$106,800 (as indexed); Cost of living adjustments are simple increases (not compounded) of the lesser of 3% or 50% of CPI beginning the later of the anniversary date and age 60; Surviving Spouse's Benefits are 66 2/3% of the Employee's benefit at the time of death.

**Annual Pension Cost and Net Pension Obligation, Single-Employer Plans**

The City's annual pension cost and net pension obligation as of April 30, 2015 were as follows:

	<b><u>Police Pension</u></b>	<b><u>Firefighter Pension</u></b>	<b><u>Total</u></b>
Annual required contribution	\$ 1,628,346	\$ 2,070,907	\$ 3,699,253
Interest on net pension obligation	1,724	3,250	4,974
Adjustments to annual required contribution	<u>(1,201)</u>	<u>(2,265)</u>	<u>(3,466)</u>
Annual pension cost	1,628,869	2,071,892	3,700,761
Contributions made	<u>1,586,574</u>	<u>2,033,401</u>	<u>3,619,975</u>
Increase in net pension obligation	42,295	38,491	80,786
Net pension obligation beginning of year	<u>22,243</u>	<u>41,933</u>	<u>64,176</u>
<b>Net pension obligation end of year</b>	<b><u>\$ 64,538</u></b>	<b><u>\$ 80,424</u></b>	<b><u>\$ 144,962</u></b>

During fiscal year 2015, an additional contribution was made by the City into the Police Pension in the amount of \$50,000 and into the Firefighter Pension in the amount of \$60,000. These contributions were in addition to the annual required contribution for fiscal year 2015.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**Funding Policy and Annual Pension Cost**

The funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate assets gradually over time so that sufficient assets will be available to pay benefits when due. The rate for the City's employee group as a whole has tended to remain level as a percentage of annual covered payroll. The contribution rate for normal cost is determined using the entry age normal actuarial funding method.

**Actuarial Methods**

The actuarial methods employed for this valuation are as follows:

**Projected Unit Credit Cost Method (for years beginning on or after 2011 for PA 096-1495)**

Under the Projected Unit Credit Cost Method, the normal cost is the present value of the projected benefit (including projected salary increases) earned during the year.

The accrued liability is the present value of the projected benefit (including projected salary increases) earned as of the actuarial valuation date. The unfunded accrued liability is the excess of the accrued liability over the plan's assets. Experience gains or losses adjust the unfunded accrued liability.

The City's annual pension cost for the current year and related information for each plan is as follows:

	<b><u>Police Pension</u></b>	<b><u>Firefighter Pension</u></b>
Contribution rates:		
City	38.62%	61.164%
Plan members	9.91%	9.455%

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**TREND INFORMATION**

<b>Actuarial Valuation Date</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
<b>Police Pension Fund</b>			
4/30/14	\$ 1,628,869	97.4%	\$ 64,538
4/30/13	1,546,888	98.6%	22,243
4/30/12	1,450,182	102.0%	702
<b>Firefighter Pension Fund</b>			
4/30/14	\$ 2,071,892	98.1%	\$ 80,424
4/30/13	1,951,880	97.9%	41,933
4/30/12	1,914,837	101.8%	236

**STATEMENT OF FIDUCIARY NET POSITION**

	<b><u>Police Pension</u></b>	<b><u>Fire Pension</u></b>	<b><u>Total</u></b>
<b>ASSETS</b>			
Cash	<u>\$ 991,166</u>	<u>\$ 1,164,973</u>	<u>\$ 2,156,139</u>
Investments:			
Treasury notes	1,850,556	809,585	2,660,141
U.S. government agencies	2,417,754	1,310,840	3,728,594
Bonds	3,161,535	1,805,956	4,967,491
Mutual funds	<u>9,444,492</u>	<u>5,087,550</u>	<u>14,532,042</u>
Total investments	<u>16,874,337</u>	<u>9,013,931</u>	<u>25,888,268</u>
Receivables:			
Accrued interest	44,169	23,247	67,416
Other	<u>1,790,043</u>	<u>2,279,604</u>	<u>4,069,647</u>
Total receivables	<u>1,834,212</u>	<u>2,302,851</u>	<u>4,137,063</u>
<b>Net position, held in trust for pension benefits</b>	<u><b>\$ 19,699,715</b></u>	<u><b>\$ 12,481,755</b></u>	<u><b>\$ 32,181,470</b></u>

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total</u>
<b>Additions</b>			
Contributions - employer	\$ 1,886,566	\$ 2,397,804	\$ 4,284,370
Contributions - Plan members	<u>440,889</u>	<u>309,604</u>	<u>750,493</u>
Total contributions	<u>2,327,455</u>	<u>2,707,408</u>	<u>5,034,863</u>
<b>Investment income</b>			
Net appreciation in fair value of investments	765,761	540,854	1,306,615
Interest and dividends	<u>315,995</u>	<u>73,169</u>	<u>389,164</u>
Total investment income	1,081,756	614,023	1,695,779
Less investment expense	<u>71,828</u>	<u>42,582</u>	<u>114,410</u>
Net investment income	<u>1,009,928</u>	<u>571,441</u>	<u>1,581,369</u>
Total additions	<u>3,337,383</u>	<u>3,278,849</u>	<u>6,616,232</u>
<b>Deductions</b>			
Pension benefits	2,933,952	3,284,418	6,218,370
Administrative expenses	<u>30,928</u>	<u>52,424</u>	<u>83,352</u>
Total deductions	<u>2,964,880</u>	<u>3,336,842</u>	<u>6,301,722</u>
Changes in net position	372,503	(57,993)	314,510
Net position held in trust for benefits, beginning of year	<u>19,327,212</u>	<u>12,539,748</u>	<u>31,866,960</u>
<b>Net position held in trust for benefits, end of year</b>	<u>\$ 19,699,715</u>	<u>\$ 12,481,755</u>	<u>\$ 32,181,470</u>

**NOTE 8 - GASB 67 - FINANCIAL REPORTING FOR PENSION PLANS**

The City has adopted GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. The Statement enhances the City's footnote disclosures and expands the Required Supplemental Information (RSI) data with new schedules. It was issued to improve financial reporting by state and local government pension plans. The following provides information required to be disclosed under Statement No. 67 that is not discussed as part of the information disclosed in Note 7 previously.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 8 - GASB 67 - FINANCIAL REPORTING FOR PENSION PLANS (CONTINUED)**

**Plan Administration**

The General Employees' Pension Plan, Police Officers' Pension Plan, and Firefighters' Pension Plan plans are defined benefit pension plans. Each plan is administered by a Board of Trustees which acts as the administrator of the plan.

The Board for the Firefighters' Plan consists of five Trustees, two of whom are appointed by the Mayor, two of whom are elected from active firefighters and deferred pensioners of the Danville Fire Department and a fifth trustee who is elected from all retired Danville Firefighters, including those on disability. Each Trustee serves a three-year term. Each person employed by the City Fire Department as a full-time Firefighter becomes a member of the Plan as a condition of his or her employment. All Firefighters are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

The Board for the Police Officers' Plan consists of five Trustees, two of whom are appointed by the Mayor, two of whom are elected from active police officers and deferred pensioners of the Danville Police Department, and a fifth trustee who is elected from all retired Danville Police Officers, including those on disability. Each Trustee serves a two-year term. Each person employed by the City Police Department as a full-time Police Officer becomes a member of the Plan as a condition of his or her employment. All Police Officers are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

**Investment Policy**

Each Board of Trustees (Board) is responsible for administering the investment policies of the Plans and providing oversight for the management of the Plans' assets. The investment strategy of each Plan is to emphasize total return (defined as the aggregate return from capital appreciation and dividend and interest income). The investment policy for each plan requires that all Plan assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Plan, with minimal impact on market price.

The following are the adopted asset allocation policies for each plan as of April 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>	
	<u>Police Pension</u>	<u>Fire Pension</u>
Fixed income, Government	43.81%	43.15%
Domestic Equities	52.91%	52.92%
International Stocks	2.45%	2.65%
Others	0.83%	1.28%
	100%	100%

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 8 - GASB 67 - FINANCIAL REPORTING FOR PENSION PLANS (CONTINUED)**

**Investment Policy (Continued)**

The Plans did not hold investments in any one organization that represent five percent or more of the respective Plan's fiduciary net position.

**Money-Weighed Rate of Return on Investments**

For the year ended April 30, 2015, the annual money-weighted rate of return on pension plan investments, 4.29% for the Firefighters' Plan and for the Police Officers' Plan. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

**Net Pension Liability**

The components of the net pension liability of the Plans as of April 30, 2015 were as follows:

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total</u>
Total pension liability	\$ 58,674,000	\$ 57,724,212	\$ 116,398,212
Plan fiduciary net position	<u>(19,694,872)</u>	<u>(12,481,755)</u>	<u>(32,176,627)</u>
Net pension liability	<u>\$ 38,979,128</u>	<u>\$ 45,242,457</u>	<u>\$ 84,221,585</u>
 Plan fiduciary net position as a percentage of the total liability	 33.57%	 21.62%	

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of April 30, 2015 using the following actuarial assumptions applied to all measurement periods:

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 8 - GASB 67 - FINANCIAL REPORTING FOR PENSION PLANS (CONTINUED)**

Actuarial Assumptions (Continued)

	<u>Police Pension</u>	<u>Fire Pension</u>
Valuation date	April 30, 2015	April 30, 2015
Inflation	2.50%	2.50%
Projected salary increases	4.50%	4.50%
Investment rate of return	6.75%	6.75%
Mortality rate	RP2000 CHBCA	RP2000 CHBCA
Date of actuarial experience study	September 26, 2012	September 26, 2012

**Net Pension Liability** (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rate of return for each major asset class included in the pension plans' target asset allocations as of April 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	
	<u>Police Pension</u>	<u>Fire Pension</u>
Fixed income, government	1.73%	1.73%
Domestic Equities	6.49%	6.49%
International Stock	4.13%	4.13%

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75% for the Police Officers' Plans and for the Firefighters' Plan. The projection of cash flow used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 8 - GASB 67 - FINANCIAL REPORTING FOR PENSION PLANS (CONTINUED)**

**Sensitivity of Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Pension Plans calculated using the discount rates listed above, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower, or 1-percentage-point higher than the current rate:

	1% Decrease	Current Rate	1% Increase
<u>Police Pension</u>			
Discount rate	5.75%	6.75%	7.75%
Net pension liability	\$ 46,325,966	\$ 38,979,128	\$ 32,877,720
<u>Fire Pension</u>			
Discount rate	5.75%	6.75%	7.75%
Net pension liability	\$ 51,875,304	\$ 45,242,457	\$ 39,662,698

**NOTE 9 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The following funds incurred expenditures in excess of their appropriations:

Motor Fuel Tax \$ 4,252,653

Appropriations for the Motor Fuel Tax Fund are governed by the Illinois Department of Transportation (IDOT) and expenses can vary based on the timing of projects.

There were no funds which had a deficit fund balance as of April 30, 2015.

**NOTE 10 - LEASES**

The City leases certain designated space in the Public Safety Building from the Danville Public Building Commission (See also Note 12). The current lease expires on October 31, 2016. Expense under this lease for the year ended April 30, 2015 was \$1,258,719. Minimum lease commitments are as follows:

**Year Ending April 30**

2016 \$ 1,146,824

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 10 - LEASES (CONTINUED)**

In 2012, the Library entered into two new 60 month lease agreements for copiers with both leases expiring May 30, 2016. The lease payment per month for each copier is \$132 and \$217, respectively. Expense under these lease agreements for the year ended April 30, 2015 was \$4,322.

Minimum lease commitments are as follows:

**Year Ending April 30**

2016	\$	4,268
2017		349
<b>Total</b>	<b>\$</b>	<b><u>4,617</u></b>

**NOTE 11 - FEDERAL AND STATE ASSISTED PROGRAMS**

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of April 30, 2015, significant amounts of grant expenditures have not been audited by the grantor government. The City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the City.

**NOTE 12 - RISK MANAGEMENT**

The City's health insurance risks are covered with a commercial carrier.

The City also maintains an internal service fund for general liability insurance. The City maintains liability coverage through the Illinois Municipal League Risk Management Pool. Prior to 2005, the City was liable for additional premiums up to their maximum claim fund. As of April 30, 2015, only loss year 1999 remains open with a potential liability of approximately \$123,000.

In addition, the City elected the self-funded method for unemployment compensation. The City is therefore liable for benefits to any of its former employees eligible for benefits.

The City had no claims exceeding their coverage limits on their other insurance coverage for the past three years.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 13 - DANVILLE PUBLIC BUILDING COMMISSION**

Based on the criteria established by the Governmental Accounting Standards Board, the following information is provided concerning the joint venture between the City of Danville and the Danville Public Building Commission.

The Danville Public Building Commission was organized under the provisions of the "Public Building Commission Act of the State of Illinois" to enable the erecting, equipping and providing of modern public buildings to space and house the various branches, departments and agencies of government in the County Seat of Vermilion County, Illinois.

The Commission officials of the Danville Public Building Commission are appointed by the City of Danville, Danville Sanitary District, Danville School District #118 and Vermilion County.

The City has only indirect control over the Commission's budgeting and financing through the appointment of commission officials. However, all capital improvement projects financed by the Commission must be approved by the City of Danville, Vermilion County and the Danville Public Building Commission.

**NOTE 14 - DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all City employees and permits them to defer a portion of their salary until future years. Contributions to the deferred compensation plan remain in a separate trust for the benefit of the employees and are not available until termination, retirement, death, or unforeseeable emergency.

**NOTE 15 - CASH FLOW DISCLOSURES**

Cash paid for interest totaled \$5,778 in the Harrison Park Fund.

**NOTE 16 - LITIGATION**

The City is currently involved in several litigation matters. In the estimation of the City's management and legal counsel, the final settlement of these matters cannot be estimated.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS**

**a. Plan Description**

In addition to providing the pension benefits described in Note 6, the City provides post-employment health care benefits (OPEB) for retired employees through a single employer defined benefit plan (Retiree Healthcare Program). The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's governmental activities.

**b. Benefits Provided**

The City provides continued health insurance coverage at the active employee rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree can choose to not participate in the plan or continue under the City's plan at a Medicare Supplement rate.

**c. Membership**

At April 30, 2015, membership consisted of:

Retirees and beneficiaries currently receiving benefits	112
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>231</u>
<b>Total</b>	<u><u>343</u></u>
<b>Participating employers</b>	<u><u>1</u></u>

**d. Funding Policy**

The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

Premium cost sharing arrangements vary depending on the bargaining unit and date of retirement. Qualified retirees pay a percentage of the premium cost for single and dependent coverage based on Medicare status and family status.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**e. Annual OPEB Costs and Net OPEB Obligation**

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of required standards. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The City had an actuarial valuation performed for the plan as of April 30, 2015 to determine the funded status of the plan as of that date. The City's annual OPEB cost (expense) was \$628,730. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 was as follows:

<b>Actuarial Valuation Date</b>	<b>Annual OPEB Cost</b>	<b>Employer Contributions</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
April 30, 2015	\$ 628,730	\$ 500,582	79.6%	\$ 813,742
April 30, 2013	349,637	237,864	67.7%	388,698
April 30, 2011	200,340	121,130	60.5%	160,778

The net OPEB obligation as of April 30, 2015, was calculated as follows:

Annual required contribution	\$ 624,159
Interest on net OPEB obligation	27,424
Adjustment to annual required contribution	<u>(22,853)</u>
Annual OPEB cost	628,730
Contributions made	<u>500,582</u>
Increase in net OPEB obligation	128,148
Net OPEB obligation, beginning of year	<u>685,594</u>
<b>Net OPEB obligation, end of year</b>	<b><u>\$ 813,742</u></b>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AALs for benefits.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**e. Annual OPEB Costs and Net OPEB Obligation (Continued)**

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2015 valuation the entry-age normal cost method was used. The actuarial assumptions included a discount rate of 4.0 percent, salary increases comprised of a wage inflation component of 4.0 percent, and an ultimate healthcare trend rate of 5.10 percent in the first year of the projection and 8.50% in the second year, and an ultimate rate of 5.5 percent.

The actuarial value of assets was not determined as the City has not advance funded its obligation.

**NOTE 18 - COMMITMENTS**

At fiscal year end the City had the following encumbered amounts:

General and administrative	\$ 176,126
Streets	544,457
Community development	225,948

This information is an integral part of the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DANVILLE, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**GENERAL FUND**  
**Year Ended April 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Taxes	\$ 1,169,200	\$ 1,169,200	\$ 1,251,932	\$ 82,732
Intergovernmental	19,475,900	19,691,222	20,594,013	902,791
Licenses and permits	756,300	756,300	796,522	40,222
Charges for services	641,210	641,210	575,079	(66,131)
Fines and forfeits	544,900	544,900	523,940	(20,960)
Miscellaneous	924,489	972,689	855,814	(116,875)
	<u>23,511,999</u>	<u>23,775,521</u>	<u>24,597,300</u>	<u>821,779</u>
Total revenues				
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>General Government</b>				
General City government	1,724,411	1,870,111	1,836,594	33,517
Central vehicle maintenance	586,498	614,135	556,362	57,773
Finance	381,791	390,391	374,800	15,591
Treasurer	87,927	89,527	69,634	19,893
Development services	479,991	468,891	461,946	6,945
Public affairs	222,140	230,058	221,600	8,458
Legal services	454,148	550,348	519,282	31,066
City Clerk	128,973	146,673	145,136	1,537
Human resources	244,062	249,762	235,256	14,506
Information systems	203,702	249,652	245,697	3,955
	<u>4,513,643</u>	<u>4,859,548</u>	<u>4,666,307</u>	<u>193,241</u>
Total General Government				
<b>Public Safety</b>				
Police	7,616,277	8,419,577	8,348,480	71,097
Fire	4,817,012	5,107,012	5,088,250	18,762
	<u>12,433,289</u>	<u>13,526,589</u>	<u>13,436,730</u>	<u>89,859</u>
Total Public Safety				
<b>Streets</b>				
	<u>2,601,262</u>	<u>2,694,262</u>	<u>2,573,150</u>	<u>121,112</u>
Total Streets				
<b>Urban Development</b>				
	<u>835,320</u>	<u>853,920</u>	<u>820,337</u>	<u>33,583</u>
Total Urban Development				
<b>Culture and Recreation</b>				
Public pool	63,928	63,928	38,908	25,020
Public property	1,491,782	1,504,782	1,346,863	157,919
Downtown services	295,355	319,455	295,170	24,285
	<u>1,851,065</u>	<u>1,888,165</u>	<u>1,680,941</u>	<u>207,224</u>
Total Culture and Recreation				
Total expenditures	<u>22,234,579</u>	<u>23,822,484</u>	<u>23,177,465</u>	<u>645,019</u>
Excess (deficiency) of revenues over expenditures	<u>1,277,420</u>	<u>(46,963)</u>	<u>1,419,835</u>	<u>1,466,798</u>

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Transfers out	<u>(1,292,139)</u>	<u>(1,378,243)</u>	<u>(1,310,541)</u>	<u>67,702</u>
Total other financing sources (uses)	<u>(1,252,139)</u>	<u>(1,338,243)</u>	<u>(1,270,541)</u>	<u>67,702</u>
Net change in fund balance (Budgetary basis)	<u>\$ 25,281</u>	<u>\$ (1,385,206)</u>	<u>149,294</u>	<u>\$ 1,534,500</u>
<b>RECONCILIATION TO MODIFIED ACCRUAL BASIS (GAAP BASIS)</b>				
Revenue accrual adjustments			131,110	
Expense accrual adjustments			(216,717)	
Transfers out adjustment			<u>160,406</u>	
Net reconciliation to modified accrual basis (GAAP basis)			<u>74,799</u>	
Net change in fund balance (GAAP basis)			224,093	
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>6,477,455</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 6,701,548</u>	

**CITY OF DANVILLE, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**MAJOR FUND - MOTOR FUEL TAX**  
**Year Ended April 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Intergovernmental	\$ 800,000	\$ 800,000	\$ 8,633,962	\$ 7,833,962
Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>7,600</u>	<u>4,600</u>
Total revenues	<u>803,000</u>	<u>803,000</u>	<u>8,641,562</u>	<u>7,838,562</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Streets	<u>803,000</u>	<u>803,000</u>	<u>5,055,653</u>	<u>(4,252,653)</u>
Net change in fund balance (Budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	<u>3,585,909</u>	<u>\$ 3,585,909</u>
<b>RECONCILIATION TO MODIFIED ACCRUAL BASIS (GAAP BASIS)</b>				
Revenue accrual adjustments			(646,315)	
Expense accrual adjustments			<u>1,234,476</u>	
Net reconciliation to modified accrual basis (GAAP basis)			<u>588,161</u>	
Net change in fund balance (GAAP basis)			4,174,070	
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>2,042,692</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 6,216,762</u>	

**CITY OF DANVILLE, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**MAJOR FUND - DANVILLE MASS TRANSIT**  
**Year Ended April 30, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Intergovernmental	\$ 2,798,774	\$ 2,798,774	\$ 2,648,299	\$ (150,475)
Charges for services	355,079	355,079	356,470	1,391
Miscellaneous	39,108	67,121	24,236	(42,885)
Total revenues	3,192,961	3,220,974	3,029,005	(191,969)
<b>EXPENDITURES</b>				
<b>Current:</b>				
Transportation	4,028,298	4,847,958	2,731,567	2,116,391
Net change in fund balance before transfers	(835,337)	(1,626,984)	297,438	1,924,422
<b>OTHER FINANCING SOURCES</b>				
Transfers in	22,302	22,302	22,302	-
Net change in fund balance (Budgetary basis)	\$ (813,035)	\$ (1,604,682)	319,740	\$ 1,924,422
<b>RECONCILIATION TO MODIFIED ACCRUAL BASIS (GAAP BASIS)</b>				
Revenue accrual adjustments			(135,620)	
Expense accrual adjustments			(23,714)	
Transfers in adjustment			(160,406)	
Net reconciliation to modified accrual basis (GAAP basis)			(319,740)	
Net change in fund balance (GAAP basis)			-	
<b>FUND BALANCE, BEGINNING OF YEAR</b>			-	
<b>FUND BALANCE, END OF YEAR</b>			\$ -	

**CITY OF DANVILLE, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS  
Year Ended April 30, 2015**

**ILLINOIS MUNICIPAL RETIREMENT FUND**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
12/31/14	\$ 16,065,857	\$ 21,434,917	\$ 5,369,060	74.95%	\$ 7,591,206	70.73%
12/31/13	17,092,414	21,382,819	4,290,405	79.94%	7,541,290	56.89%
12/31/12	16,860,285	21,877,635	5,017,350	77.07%	7,448,447	67.36%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$19,859,019. On a market value basis, the funded ratio would be 92.65%. The actuarial value of assets and accrued liability covers active and inactive members who have service credit with the City of Danville. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

**POLICE PENSION FUND**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
4/30/14	\$ 19,322,370	\$ 47,530,614	\$ 28,208,244	40.70%	\$ 4,108,517	686.60%
4/30/13	18,674,433	44,749,452	26,075,019	41.73%	3,873,068	673.24%
4/30/12	18,017,044	43,288,059	25,271,015	41.62%	3,902,913	647.50%
4/30/11	17,943,481	41,362,442	23,418,961	43.38%	3,780,656	619.44%
4/30/10	16,823,824	39,846,670	23,022,846	42.22%	3,578,540	643.46%
4/30/09	15,211,921	38,221,858	23,009,937	39.80%	3,535,625	650.80%
4/30/08	17,073,756	37,023,135	19,949,379	46.12%	3,641,181	547.88%

**CITY OF DANVILLE, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS  
Year Ended April 30, 2015**

**FIREFIGHTERS' PENSION FUND**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
4/30/14	\$ 12,539,748	\$ 49,116,491	\$36,576,743	25.50%	\$ 3,324,495	1100.20%
4/30/13	12,502,819	45,717,737	33,214,918	27.35%	3,123,510	1063.48%
4/30/12	12,473,244	44,327,918	31,854,674	28.14%	3,196,750	996.57%
4/30/11	12,644,553	43,442,964	30,798,411	29.11%	3,222,322	955.88%
4/30/10	11,969,189	41,111,600	29,142,411	29.11%	3,228,025	902.79%
4/30/09	10,969,225	39,869,423	28,900,198	27.51%	3,120,471	926.15%
4/30/08	12,335,285	37,938,554	25,603,269	32.51%	3,262,626	784.74%

**CITY OF DANVILLE, ILLINOIS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF FUNDING PROGRESS  
 Year Ended April 30, 2015**

**OTHER POST-EMPLOYMENT BENEFITS**

Trend information for the year ended April 30, 2015 is as follows:

<b>Actuarial Valuation Date *</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
4/30/15	\$ -	\$ 11,167,067	\$11,167,067	0.00%	\$ 16,399,435	68.09%
4/30/13	-	9,448,191	9,448,191	0.00%	14,853,649	63.61%
4/30/11	-	6,332,400	6,332,400	0.00%	14,588,209	43.41%

\*A full actuarial valuation is not required annually.

**CITY OF DANVILLE, ILLINOIS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF EMPLOYER CONTRIBUTIONS  
 Year Ended April 30, 2015**

**POLICE PENSION FUND**

<b>Year <u>April 30</u></b>	<b>Annual Pension Cost/OPEB <u>Cost (APC)</u></b>	<b>Percentage <u>Contributed</u></b>
2014	\$ 1,628,869	97.40%
2013	1,628,363	93.70%
2012	1,450,182	102.00%
2011	1,643,458	107.80%
2010	1,584,431	98.30%
2009	1,380,569	99.30%
2008	1,234,927	99.20%

**FIREFIGHTERS' PENSION FUND**

2014	\$ 2,071,892	98.10%
2013	1,951,880	97.90%
2012	1,914,837	101.80%
2011	2,109,936	104.20%
2010	2,034,221	98.40%
2009	1,813,903	99.40%
2008	1,676,913	99.30%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows on next page.

**CITY OF DANVILLE, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF EMPLOYER CONTRIBUTIONS  
Year Ended April 30, 2015**

	<b>Illinois Municipal Retirement Fund</b>	<b>Police Pension</b>	<b>Firefighter Pension</b>	<b>Other Post- Employment Benefits</b>
Annual pension/OPEB cost	\$ 914,740	\$ 1,628,869	\$ 2,071,892	\$ 628,730
Contributions made	(914,740)	(1,586,574)	(2,033,401)	(500,582)
Actuarial valuation date	12/31/14	4/30/15	4/30/15	4/30/15
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level % of payroll open	Level % of payroll closed	Level % of payroll closed	Level % of payroll open
Remaining amortization period	30 years	26 years	26 years	30 years
Asset valuation method	Market	Market	Market	N/A
Actuarial assumptions:				
Investment rate of return*	7.5%	6.75%	6.75%	4.00%
Projected salary increases*	0.4% - 10%	4.50%	4.50%	4.00%
*Includes inflation at	4.00%	2.50%	2.50%	N/A
Healthcare inflation rate	N/A	N/A	N/A	5.10% initial 5.50% ultimate
Cost of living adjustment	3.00% per year	3.00% per year	3.00% per year	N/A
Retirement age	55-67	50-70	50-70	N/A
Mortality	RP2000 CHBCA	RP2000 CHBCA	RP2000 CHBCA	N/A

**CITY OF DANVILLE, ILLINOIS**  
**SCHEDULE IN CHANGES IN THE EMPLOYER'S**  
**NET PENSION LIABILITY AND RELATED RATIOS**  
**Year Ended April 30, 2015**

**Year Ended April 30, 2015**

	Police Pension	Fire Pension
Total Pension Liability		
Service cost	\$ 817,119	\$ 782,450
Interest	3,454,773	3,560,094
Difference between expected and actual experience	1,811,326	838,331
Changes of assumptions	7,994,120	6,723,995
Employee contributions	(2,933,952)	(3,297,149)
Net Change in Total Pension Liability	11,143,386	8,607,721
Total Pension Liability - Beginning	47,530,614	49,116,491
Total Pension Liability - Ending (A)	<u>\$ 58,674,000</u>	<u>\$ 57,724,212</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,886,266	\$ 2,397,804
Contributions - member	441,189	309,604
Net Investment Income	1,009,928	571,441
Benefit Payments, Including Refunds	(2,933,952)	(3,297,149)
Administrative Expense	(30,929)	(39,693)
Net Change in Plan Fiduciary Net Position	372,502	(57,993)
Plan Fiduciary Net Position - Beginning	19,322,370	12,539,748
Plan Fiduciary Net Position - Ending (B)	<u>\$ 19,694,872</u>	<u>\$ 12,481,755</u>
Net Pension Liability - Ending (A) - (B)	<u>\$ 38,979,128</u>	<u>\$ 45,242,457</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.57%	21.62%
Covered Employee Payroll	\$ 4,202,559	\$ 3,022,424
Net Pension Liability as a Percentage of Covered Employee Payroll	927.51%	1496.89%

Additional years will be added to this schedule annually until 10 years of data is presented

**CITY OF DANVILLE, ILLINOIS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**Year Ended April 30, 2015**

Police Pension

Fiscal Year Ended April 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 1,628,346	\$ 1,886,266	\$ (257,920)	\$ 4,202,559	44.88%

Fire Pension

Fiscal Year Ended April 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 2,070,907	\$ 2,397,804	\$ (326,897)	\$ 3,022,424	79.33%

Additional years will be added to this schedule until 10 years of data is presented

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**April 30, 2015**

**BUDGETS AND BUDGETARY ACCOUNTING**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In October the City Council is presented with a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them. The legal level of budgetary control is within each fund.
2. A public hearing is held the first Tuesday in December to obtain taxpayer comments.
3. The budget is adopted the second City Council meeting in December, by majority vote.
4. Budget amendments which alter total expenditures of any fund must be approved by a 3/5 vote of the City Council. The budget revisions for fiscal year 2015 totaled \$1,587,905 and \$819,660 for the General Fund and the Mass Transit District Fund, respectively.
5. Legally adopted budgets is employed as a management control device during the year for all funds of the City other than State and Federal Grant Special Revenue Funds which employ project oriented budget control procedures.
6. Budgets for the City, except for the Library, are not prepared in accordance with generally accepted accounting principles (GAAP). Revenues are budgeted on the cash basis of accounting and expenditures are budgeted using the cash plus encumbrance basis of accounting. Budgetary comparisons in this report are presented on this non-GAAP basis for the City, except for the Library, which uses the modified accrual basis for its budget.

**BUDGET COMPLIANCE**

The following funds incurred expenditures in excess of their appropriations:

Motor Fuel Tax	\$ 4,252,653
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Appropriations for the Motor Fuel Tax Fund are governed by the Illinois Department of Transportation (IDOT) and expenses can vary based on the timing of projects.

**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF DANVILLE, ILLINOIS  
COMBINING BALANCE SHEET  
GENERAL FUND BY ACCOUNT  
April 30, 2015**

	<b>General Account</b>	<b>Flex Spending</b>	<b>Land Acquisition</b>	<b>Working Cash</b>	<b>Total General Fund</b>
<b>ASSETS</b>					
Cash	\$ 1,426,373	\$ 14,709	\$ 1,677	\$ 207,360	\$ 1,650,119
Temporary investments	300,000	-	32,000	-	332,000
Receivables:					
Taxes, net of allowance for estimated uncollectibles	238,216	-	-	-	238,216
Other	253,540	-	225	-	253,765
Prepaid items	845,832	-	-	-	845,832
Due from other funds	394,577	-	-	-	394,577
Due from other governments	4,889,253	-	-	-	4,889,253
<b>TOTAL ASSETS</b>	<b>\$ 8,347,791</b>	<b>\$ 14,709</b>	<b>\$ 33,902</b>	<b>\$ 207,360</b>	<b>\$ 8,603,762</b>
<b>LIABILITIES</b>					
Accrued expenses	99,757	-	-	-	99,757
Due to other funds	992	-	-	-	992
Due to other governments	3,249	-	-	-	3,249
Total liabilities	103,998	-	-	-	103,998
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	1,560,000	-	-	-	1,560,000
Subsequent year's property taxes	238,216	-	-	-	238,216
Total deferred inflows of resources	1,798,216	-	-	-	1,798,216
<b>FUND BALANCE</b>					
<b>Nonspendable:</b>					
Prepays	845,832	-	-	-	845,832
<b>Assigned:</b>					
General and administrative	176,126	-	-	-	176,126
<b>Unassigned</b>	5,423,619	14,709	33,902	207,360	5,679,590
Total fund balance	6,445,577	14,709	33,902	207,360	6,701,548
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 8,347,791</b>	<b>\$ 14,709</b>	<b>\$ 33,902</b>	<b>\$ 207,360</b>	<b>\$ 8,603,762</b>

**CITY OF DANVILLE, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GENERAL FUND BY ACCOUNT**  
**Year Ended April 30, 2015**

	<u>General Account</u>	<u>Flex Spending</u>	<u>Land Acquisition</u>	<u>Working Cash</u>	<u>Total General Fund</u>
<b>REVENUES</b>					
Taxes	\$ 1,277,625	\$ -	\$ -	\$ -	\$ 1,277,625
Intergovernmental	20,650,940	-	-	-	20,650,940
Licenses and permits	796,522	-	-	-	796,522
Charges for services	585,073	34,844	-	-	619,917
Fines and forfeits	527,592	-	-	-	527,592
Miscellaneous	842,216	-	10,234	3,364	855,814
	<u>24,679,968</u>	<u>34,844</u>	<u>10,234</u>	<u>3,364</u>	<u>24,728,410</u>
Total revenues					
<b>EXPENDITURES</b>					
Current:					
General government	5,970,886	35,251	-	4,000	6,010,137
Public safety	13,063,330	-	-	-	13,063,330
Streets	2,542,121	-	-	-	2,542,121
Culture and recreation	1,642,456	-	-	-	1,642,456
Capital outlay	136,138	-	-	-	136,138
	<u>23,354,931</u>	<u>35,251</u>	<u>-</u>	<u>4,000</u>	<u>23,394,182</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	<u>1,325,037</u>	<u>(407)</u>	<u>10,234</u>	<u>(636)</u>	<u>1,334,228</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	178,104	-	-	-	178,104
Transfers out	(1,288,239)	-	-	-	(1,288,239)
	<u>(1,110,135)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,110,135)</u>
Total other financing sources (uses)					
Net change in fund balance	214,902	(407)	10,234	(636)	224,093
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>6,230,675</u>	<u>15,116</u>	<u>23,668</u>	<u>207,996</u>	<u>6,477,455</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 6,445,577</u>	<u>\$ 14,709</u>	<u>\$ 33,902</u>	<u>\$ 207,360</u>	<u>\$ 6,701,548</u>

**CITY OF DANVILLE, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**April 30, 2015**

	<u>State Narcotic Forfeiture</u>	<u>Federal Narcotic Forfeiture</u>	<u>Community Development Block Grant</u>	<u>Towne Centre</u>	<u>Storm Water Drainage</u>	<u>Small Business Loan</u>	<u>DATS Program</u>	<u>TIF Midtown</u>
Cash	\$ 57,820	\$ 5,440	\$ 5,944	\$ 206,857	\$ 674	\$ 199,606	\$ 49,209	\$ 7,923
Temporary investments	-	-	-	-	287,000	-	-	340,000
Receivables:								
Taxes, net of allowance for estimated uncollectibles	-	-	-	-	-	-	-	-
Other - current	-	-	-	-	1,890	44,495	-	-
Other - noncurrent	-	-	-	-	-	204,768	-	-
Prepaid items	-	-	12,695	-	-	-	-	-
Due from other governments	-	-	11,424	-	-	-	32,406	-
<b>TOTAL ASSETS</b>	<u>\$ 57,820</u>	<u>\$ 5,440</u>	<u>\$ 30,063</u>	<u>\$ 206,857</u>	<u>\$ 289,564</u>	<u>\$ 448,869</u>	<u>\$ 81,615</u>	<u>\$ 347,923</u>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ 10,375	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	870	4,253	-	-	-	2,706	-
Due to other funds	-	-	14,924	-	-	-	14,511	-
Total liabilities	-	870	29,552	-	-	-	17,217	-
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	-	-	-	-	-	-	-	-
Subsequent year's property taxes	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	# -	-	-	-	-	-	-
<b>FUND BALANCE</b>								
<b>Nonspendable:</b>								
Prepays	-	-	12,695	-	-	-	-	-
Noncurrent receivables	-	-	-	-	-	204,768	-	-
<b>Restricted:</b>								
Retirement	-	-	-	-	-	-	-	-
Public health and education	-	-	-	-	-	-	-	-
Public safety	57,820	4,570	-	-	-	-	-	-
Community development	-	-	-	-	-	244,101	-	347,923
Transportation	-	-	-	-	-	-	64,398	-
Streets	-	-	-	-	289,564	-	-	-
Debt service	-	-	-	-	-	-	-	-
<b>Committed:</b>								
Community development	-	-	-	206,857	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
<b>Assigned:</b>								
Capital projects	-	-	-	-	-	-	-	-
<b>Unassigned</b>	-	-	(12,184)	-	-	-	-	-
Total fund balance (deficit)	<u>57,820</u>	<u>4,570</u>	<u>511</u>	<u>206,857</u>	<u>289,564</u>	<u>448,869</u>	<u>64,398</u>	<u>347,923</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 57,820</u>	<u>\$ 5,440</u>	<u>\$ 30,063</u>	<u>\$ 206,857</u>	<u>\$ 289,564</u>	<u>\$ 448,869</u>	<u>\$ 81,615</u>	<u>\$ 347,923</u>

CITY OF DANVILLE, ILLINOIS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 April 30, 2015

	TIF Westgate	TIF Campus	TIF East Voorhees	Housing Loan	Law Enforcement Grant	Landfill Remediation	Special Sewer Projects	Police ARRA
Cash	\$ 953	\$ 3,756	\$ 84	\$ 967	\$ 3,406	\$ 98,339	\$ 81,093	\$ -
Temporary investments	45,000	-	11,000	80,000	-	802,800	88,000	-
Receivables:								
Taxes, net of allowance for estimated uncollectibles	-	-	-	-	-	-	-	-
Other - current	-	-	-	9,829	-	-	-	-
Other - noncurrent	-	-	-	70,834	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 45,953</b>	<b>\$ 3,756</b>	<b>\$ 11,084</b>	<b>\$ 161,630</b>	<b>\$ 3,406</b>	<b>\$ 901,139</b>	<b>\$ 169,093</b>	<b>\$ -</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	-	-	-	-	-	-	-	-
Subsequent year's property taxes	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-
<b>FUND BALANCE</b>								
<b>Nonspendable:</b>								
Prepays	-	-	-	-	-	-	-	-
Noncurrent receivables	-	-	-	70,834	-	-	-	-
<b>Restricted:</b>								
Retirement	-	-	-	-	-	-	-	-
Public health and education	-	-	-	-	-	901,139	-	-
Public safety	-	-	-	-	3,406	-	-	-
Community development	45,953	3,756	11,084	90,796	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
<b>Committed:</b>								
Community development	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	169,093	-
<b>Assigned:</b>								
Capital projects	-	-	-	-	-	-	-	-
<b>Unassigned</b>	-	-	-	-	-	-	-	-
Total fund balance (deficit)	45,953	3,756	11,084	161,630	3,406	901,139	169,093	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 45,953</b>	<b>\$ 3,756</b>	<b>\$ 11,084</b>	<b>\$ 161,630</b>	<b>\$ 3,406</b>	<b>\$ 901,139</b>	<b>\$ 169,093</b>	<b>\$ -</b>

**CITY OF DANVILLE, ILLINOIS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
April 30, 2015**

	<u>Capital Projects Funds</u>				<u>Debt Service Funds</u>		<u>Total</u>	
	<u>Brownfield Grant</u>	<u>Firefighter Pension</u>	<u>Police Pension</u>	<u>Capital Improvements</u>	<u>Infrastructure Development</u>	<u>2007 Debt Service</u>		<u>2009 Debt Service</u>
Cash	\$ -	\$ -	\$ -	\$ 19,033	\$ 99,426	\$ 483	\$ 1,753	\$ 842,766
Temporary investments	-	-	-	900,000	932,000	449,000	80,000	4,014,800
Receivables:								
Taxes, net of allowance for estimated uncollectibles	-	-	-	-	-	15,877	64,431	80,308
Other - current	-	-	-	82,412	103,849	-	-	242,475
Other - noncurrent	-	-	-	-	-	-	-	275,602
Prepaid items	-	-	-	-	-	-	-	12,695
Due from other governments	-	-	-	248,949	-	-	-	292,779
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,250,394</u>	<u>\$ 1,135,275</u>	<u>\$ 465,360</u>	<u>\$ 146,184</u>	<u>\$ 5,761,425</u>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,375
Accrued expenses	-	-	-	-	-	38,373	68,749	114,951
Due to other funds	-	-	-	3,659	-	-	-	33,094
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,659</u>	<u>-</u>	<u>38,373</u>	<u>68,749</u>	<u>158,420</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	-	-	-	85,000	-	-	-	85,000
Subsequent year's property taxes	-	-	-	-	-	15,877	64,431	80,308
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,000</u>	<u>-</u>	<u>15,877</u>	<u>64,431</u>	<u>165,308</u>
<b>FUND BALANCE</b>								
<b>Nonspendable:</b>								
Prepays	-	-	-	-	-	-	-	12,695
Noncurrent receivables	-	-	-	-	-	-	-	275,602
<b>Restricted:</b>								
Retirement	-	-	-	-	-	-	-	-
Public health and education	-	-	-	-	-	-	-	901,139
Public safety	-	-	-	-	-	-	-	65,796
Community development	-	-	-	-	-	-	-	743,613
Transportation	-	-	-	-	-	-	-	64,398
Streets	-	-	-	-	-	-	-	289,564
Debt service	-	-	-	-	-	411,110	13,004	424,114
<b>Committed:</b>								
Community development	-	-	-	-	-	-	-	206,857
Capital projects	-	-	-	-	1,135,275	-	-	1,304,368
<b>Assigned:</b>								
Capital projects	-	-	-	1,161,735	-	-	-	1,161,735
<b>Unassigned</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,184)</u>
Total fund balance (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,161,735</u>	<u>1,135,275</u>	<u>411,110</u>	<u>13,004</u>	<u>5,437,697</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,250,394</u>	<u>\$ 1,135,275</u>	<u>\$ 465,360</u>	<u>\$ 146,184</u>	<u>\$ 5,761,425</u>

CITY OF DANVILLE, ILLINOIS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended April 30, 2015

	<u>State Narcotic Forfeiture</u>	<u>Federal Narcotic Forfeiture</u>	<u>Community Development Block Grant</u>	<u>Towne Centre</u>	<u>Storm Water Drainage</u>	<u>Small Business Loan</u>	<u>DATS Program</u>	<u>TIF Midtown</u>
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 28,126	\$ -	\$ -	\$ 391,376
Intergovernmental	-	-	1,112,210	-	-	-	321,194	-
Charges for services	26,006	-	-	-	-	-	-	-
Miscellaneous	<u>301</u>	<u>4,523</u>	<u>1,026</u>	<u>754</u>	<u>1,055</u>	<u>(10,707)</u>	<u>-</u>	<u>984</u>
Total revenues	<u>26,307</u>	<u>4,523</u>	<u>1,113,236</u>	<u>754</u>	<u>29,181</u>	<u>(10,707)</u>	<u>321,194</u>	<u>392,360</u>
<b>EXPENDITURES</b>								
Public safety	7,645	-	-	-	-	-	-	-
Community development	-	-	1,126,530	-	-	555	301,563	202,872
Public health and education	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>7,645</u>	<u>-</u>	<u>1,126,530</u>	<u>-</u>	<u>-</u>	<u>555</u>	<u>301,563</u>	<u>202,872</u>
Excess (deficiency) of revenues over expenditures	<u>18,662</u>	<u>4,523</u>	<u>(13,294)</u>	<u>754</u>	<u>29,181</u>	<u>(11,262)</u>	<u>19,631</u>	<u>189,488</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Debt Proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	20,000	-	-	-	9,972	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,972</u>	<u>-</u>
Net change in fund balance	18,662	4,523	6,706	754	29,181	(11,262)	29,603	189,488
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>39,158</u>	<u>47</u>	<u>(6,195)</u>	<u>206,103</u>	<u>260,383</u>	<u>460,131</u>	<u>34,795</u>	<u>158,435</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 57,820</u>	<u>\$ 4,570</u>	<u>\$ 511</u>	<u>\$ 206,857</u>	<u>\$ 289,564</u>	<u>\$ 448,869</u>	<u>\$ 64,398</u>	<u>\$ 347,923</u>

CITY OF DANVILLE, ILLINOIS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended April 30, 2015

	<u>TIF Westgate</u>	<u>TIF Campus</u>	<u>TIF East Voorhees</u>	<u>Housing Loan</u>	<u>Law Enforcement Grant</u>	<u>Landfill Remediation</u>	<u>Special Sewer Projects</u>	<u>Police ARRA</u>
<b>REVENUES</b>								
Taxes	\$ 13,465	\$ 736	\$ 5,631	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	16,211	-	-	-
Charges for services	-	-	-	-	-	-	-	3,340
Miscellaneous	<u>24</u>	<u>5</u>	<u>15</u>	<u>2,849</u>	<u>-</u>	<u>4,833</u>	<u>961</u>	<u>-</u>
Total revenues	<u>13,489</u>	<u>741</u>	<u>5,646</u>	<u>2,849</u>	<u>16,211</u>	<u>4,833</u>	<u>961</u>	<u>3,340</u>
<b>EXPENDITURES</b>								
Public safety	-	-	-	-	16,211	-	-	-
Community development	-	-	-	3,027	-	-	-	296,189
Public health and education	-	-	-	-	-	19,194	-	-
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,027</u>	<u>16,211</u>	<u>19,194</u>	<u>-</u>	<u>296,189</u>
Excess (deficiency) of revenues over expenditures	<u>13,489</u>	<u>741</u>	<u>5,646</u>	<u>(178)</u>	<u>-</u>	<u>(14,361)</u>	<u>961</u>	<u>(292,849)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Debt Proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	252,667
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,667</u>
Net change in fund balance	13,489	741	5,646	(178)	-	(14,361)	961	(40,182)
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>32,464</u>	<u>3,015</u>	<u>5,438</u>	<u>161,808</u>	<u>3,406</u>	<u>915,500</u>	<u>168,132</u>	<u>40,182</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 45,953</u>	<u>\$ 3,756</u>	<u>\$ 11,084</u>	<u>\$ 161,630</u>	<u>\$ 3,406</u>	<u>\$ 901,139</u>	<u>\$ 169,093</u>	<u>\$ -</u>

CITY OF DANVILLE, ILLINOIS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended April 30, 2015

	Capital Projects Funds				Debt Service Funds		Total	
	Brownfield Grant	Firefighter Pension	Police Pension	Capital Improvements	Infrastructure Development	2007 Debt Service		2009 Debt Service
<b>REVENUES</b>								
Taxes	\$ -	\$ 2,030,114	\$ 1,596,271	\$ -	\$ 1,195,621	\$ 66,057	\$ 275,422	\$ 5,602,819
Intergovernmental	134,171	-	-	939,927	-	-	-	2,523,713
Charges for services	-	-	-	-	-	-	-	29,346
Miscellaneous	-	-	-	4,321	4,510	991	101	16,546
<b>Total revenues</b>	<u>134,171</u>	<u>2,030,114</u>	<u>1,596,271</u>	<u>944,248</u>	<u>1,200,131</u>	<u>67,048</u>	<u>275,523</u>	<u>8,172,424</u>
<b>EXPENDITURES</b>								
Public safety	134,171	2,090,114	1,646,271	-	-	-	-	3,894,412
Community development	-	-	-	429,179	1,350,767	-	-	3,710,682
Public health and education	-	-	-	-	-	-	-	19,194
Capital projects	-	-	-	-	448,710	-	-	448,710
Debt service:								
Principal	-	-	-	-	288,843	260,000	215,000	763,843
Interest	-	-	-	-	21,611	142,260	244,276	408,147
<b>Total expenditures</b>	<u>134,171</u>	<u>2,090,114</u>	<u>1,646,271</u>	<u>429,179</u>	<u>2,109,931</u>	<u>402,260</u>	<u>459,276</u>	<u>9,244,988</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(60,000)</u>	<u>(50,000)</u>	<u>515,069</u>	<u>(909,800)</u>	<u>(335,212)</u>	<u>(183,753)</u>	<u>(1,072,564)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Debt Proceeds	-	-	-	-	304,999	-	-	304,999
Transfers in	-	60,000	50,000	-	351,997	273,528	108,807	1,126,971
Transfers out	-	-	-	(203,373)	-	-	-	(203,373)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>60,000</u>	<u>50,000</u>	<u>(203,373)</u>	<u>656,996</u>	<u>273,528</u>	<u>108,807</u>	<u>1,228,597</u>
Net change in fund balance	-	-	-	311,696	(252,804)	(61,684)	(74,946)	156,033
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>850,039</u>	<u>1,388,079</u>	<u>472,794</u>	<u>87,950</u>	<u>5,281,664</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,161,735</u>	<u>\$ 1,135,275</u>	<u>\$ 411,110</u>	<u>\$ 13,004</u>	<u>\$ 5,437,697</u>

**CITY OF DANVILLE, ILLINOIS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**April 30, 2015**

**ASSETS**

	<u>Dependent Life Insurance</u>	<u>Civic Center</u>	<u>Evidence Holding</u>	<u>Total</u>
Cash	\$ 8,001	\$ 23,722	\$ 964	\$ 32,687
Certificates of deposit	-	160,000	150,000	310,000
Accounts receivable	<u>-</u>	<u>89,514</u>	<u>-</u>	<u>89,514</u>
<b>TOTAL ASSETS</b>	<u>\$ 8,001</u>	<u>\$ 273,236</u>	<u>\$ 150,964</u>	<u>\$ 432,201</u>

**LIABILITIES**

Accounts payable	\$ -	\$ 5,619	\$ 129,586	\$ 135,205
Due to others	<u>8,001</u>	<u>267,617</u>	<u>21,378</u>	<u>296,996</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 8,001</u>	<u>\$ 273,236</u>	<u>\$ 150,964</u>	<u>\$ 432,201</u>

## STATISTICAL DATA

**CITY OF DANVILLE, ILLINOIS  
GENERAL PROPERTY TAX INFORMATION  
April 30, 2015**

**VALUATION AND TAX RATES**

A three-year comparison of assessed valuation and tax rates for 2014, 2013, and 2012 follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>ASSESSED VALUATIONS</b>	\$ <u>292,278,745</u>	\$ <u>288,747,085</u>	\$ <u>299,497,169</u>
<b>TAX RATES</b>			
Social Security	0.0000	0.0000	0.0000
Illinois Municipal Retirement Fund	0.0000	0.0000	0.0000
Police Pension	0.6186	0.5639	0.5165
Firemen's Pension	0.7878	0.7172	0.6518
Library	0.5746	0.5602	0.5178
General Obligations Debt	<u>0.0743</u>	<u>0.2247</u>	<u>0.3128</u>
<b>TOTAL</b>	<u><u>2.0553</u></u>	<u><u>2.0660</u></u>	<u><u>1.9989</u></u>

**SINGLE AUDIT SECTION**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Mayor and City Council  
City of Danville, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Danville, Illinois, as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Danville, Illinois' basic financial statements, and have issued our report thereon dated December 10, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Danville, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Danville, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Danville, Illinois' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (Findings 2015-001 and 2015-002).

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Danville, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**City of Danville Illinois' Responses to Findings**

The City of Danville, Illinois' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Danville, Illinois' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**CliftonLarsonAllen LLP**

Danville, Illinois  
December 10, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

The Mayor and City Council  
City of Danville, Illinois

**Report on Compliance for Each Major Federal Program**

We have audited the City of Danville, Illinois' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Danville Illinois' major federal programs for the year ended April 30, 2015. The City of Danville, Illinois' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Danville, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Danville Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Danville Illinois' compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City of Danville, Illinois complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2015.

### **Report on Internal Control Over Compliance**

Management of the City of Danville, Illinois is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Danville, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Danville, Illinois' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Danville, Illinois  
December 10, 2015

**CITY OF DANVILLE, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended April 30, 2015

<u>FEDERAL GRANTOR / PROGRAM TITLE</u>		<u>CFDA Number</u>	<u>Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<b>Department of Justice</b>					
Step Grant		16.738	None	\$ 22,460	\$ -
Edward Byrne Memorial Grant		16.738	2011 DJBX-2864	3,075	-
Edward Byrne Memorial Grant		16.738	2014 DJBX-0091	16,211	16,211
Subtotal				<u>41,746</u>	<u>16,211</u>
<b>Total Department of Justice</b>				<u>41,746</u>	<u>16,211</u>
<b>Department of Housing and Urban Development</b>					
Community Development Block Grants-Entitlement	*	14.218	B-11-MC-17-0038	366,837	-
Community Development Block Grants-Entitlement	*	14.218	B-12-MC-17-0038	146,752	-
Community Development Block Grants-Entitlement	*	14.218	B-13-MC-17-0038	413,090	-
EDI (Durbin)	*	14.218	B-10-SP-IL-0084	185,531	-
<b>Total Department of Housing and Urban Development</b>				<u>1,112,210</u>	<u>-</u>
<b>Department of Transportation</b>					
Federal Transit Formula Grant	*	20.507	IL-90-X658-00	18,015	-
Federal Transit Formula Grant	*	20.507	IL-90-X699-00	10,000	-
Federal Transit Formula Grant	*	20.507	IL-90-X707-00	120,661	-
Federal Transit Formula Grant	*	20.507	IL-90-X711-00	393,097	-
Federal Transit Formula Grant	*	20.507	IL-90-X718-00	70,421	-
Federal Transit Formula Grant	*	20.507	IL-90-X706-00	94,881	-
Federal Transit Formula Grant	*	20.507	IL-90-X724-00	199,573	-
Subtotal of Federal Transit Cluster				<u>906,648</u>	<u>-</u>
<b>Passed through Illinois Department of Transportation (IDOT)</b>					
Highway Planning and Construction		20.205	400014T0005	2,232	-
Highway Planning and Construction		20.205	500014T0005	102,617	-
Highway Planning and Construction		20.205	500015T0007	177,992	-
Total passed through IDOT				<u>282,841</u>	<u>-</u>
<b>Total Department of Transportation</b>				<u>1,189,489</u>	<u>-</u>
<b>Department of Homeland Security</b>					
Assistance to Firefighters Grant		97.044	None	3,915	-
<b>Total Department of Homeland Security</b>				<u>3,915</u>	<u>-</u>
<b>Department of Commerce</b>					
Community Trade Adjustment Assistance/ Economic Adjustment Program		11.010	06-46-05640	562,459	-
<b>Total Department of Commerce</b>				<u>562,459</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$ 2,909,819</u>	<u>\$ 16,211</u>

\* Denotes major program

This schedule should be read only in connection  
with the accompanying notes to the schedule.

**CITY OF DANVILLE, ILLINOIS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

**NOTE 2 - FEDERAL NON-CASH ASSISTANCE**

The City of Danville, Illinois did not receive any federally provided insurance, federal loan or loan guarantees, or non-cash assistance.

This information is an integral part of the accompanying schedule.

**CITY OF DANVILLE, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended April 30, 2015**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditors’ report issued: unmodified opinion

Internal control over financial reporting:

- Material weakness identified?  Yes  No
- Significant deficiency identified that is not considered to be a material weakness?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weakness?  Yes  None reported

Type of auditors’ report issued on compliance for major programs: unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?  Yes  No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit Formula Grant
14.218	Community Development Block Grants- Entitlement Grants

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

**CITY OF DANVILLE, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended April 30, 2015**

**Section II – Financial Statement Findings**

**FINDING NO. 2015-001 – ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)**

*Criteria:* Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with U.S. generally accepted accounting principles (GAAP).

*Condition:* The City does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and related footnote disclosures, including any necessary adjustments to accrual basis, and ensure they are complete and presented in accordance with GAAP.

*Context:* Management has informed us that they do not have an internal control policy in place over the annual financial reporting and that they do not have the necessary staff capacity to prepare the annual financial statements including footnote disclosures.

*Cause:* The entity relies on the audit firm to prepare the annual financial statements and related footnote disclosures, including any necessary adjustments to accrual basis. However, they have reviewed and approved the annual financial statements and the related footnote disclosures.

*Effect:* The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the entity's internal controls.

*Recommendation:* Management should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

*Views of Responsible Officials and Planned Corrective Action:* The City's management is aware of the need for proper resources to complete the financial statements and related disclosures in accordance with generally accepted accounting principles and will continue to monitor the cost benefit in regards to it being completed in-house.

**CITY OF DANVILLE, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended April 30, 2015**

**Section II – Financial Statement Findings (Continued)**

**FINDING NO. 2015-002 – DANVILLE PUBLIC LIBRARY – COMPONENT UNIT**

*Criteria or Specific Requirement:* Internal control is the process, affected by management and other personnel, designed to provide reasonable assurance that transactions are properly recorded and accounted for and that transactions are executed in compliance with laws and regulations.

*Condition:* We noted the following items related to the Danville Public Library, a separate entity on a separate accounting system from the City, during the audit process:

1. Lack of adequate segregation of duties over processing and recording financial transactions
2. Cash to accrual adjustments were necessary

*Context:* Management has informed us that they do not have an internal control policy in place over cash to accrual basis adjustments and that they do not have the necessary staff capacity for proper segregation of duties over processing and recording financial transactions and completing the cash to accrual basis adjustments.

*Cause:* The Library's inadequate segregation of duties is due to the limited number of individuals involved in the accounting function. Currently the Library relies on the audit firm to complete the cash to accrual basis adjustments. However, they have reviewed and approved the cash to accrual adjustments.

*Effect:* The potential exists that a material misstatement may occur and go undetected.

*Recommendation:* Management should continue to evaluate their internal staff capacity to determine if an internal control policy over the duties over processing and recording financial transactions and cash to accrual basis adjustments is beneficial.

*Views of Responsible Officials and Planned Corrective Action:* The Library's management is aware of the need for additional review and supervision by the Board and the need for the proper resources to complete the necessary cash to accrual adjustments.

**Section III – Federal Award Findings and Questioned Costs**

None to report.

**CITY OF DANVILLE, ILLINOIS**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**Year Ended April 30, 2015**

**FINDING NO. 2014-01 – FINANCIAL STATEMENT PREPARATION AND ADJUSTMENTS**

*Condition:* The City does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and related footnote disclosures, including any necessary adjustments to accrual basis, to ensure they are complete and presented in accordance with GAAP.

*Condition still exists, see Finding 2015-001.*

**FINDING NO. 2014-02 – DANVILLE PUBLIC LIBRARY – COMPONENT UNIT**

*Condition:* We noted the following items related to the Danville Public Library, a separate entity on a separate accounting system from the City, during the audit process:

1. Lack of adequate segregation of duties over processing and recording financial transactions
2. Cash to accrual adjustments were necessary

*Condition still exists, see Finding 2015-002*